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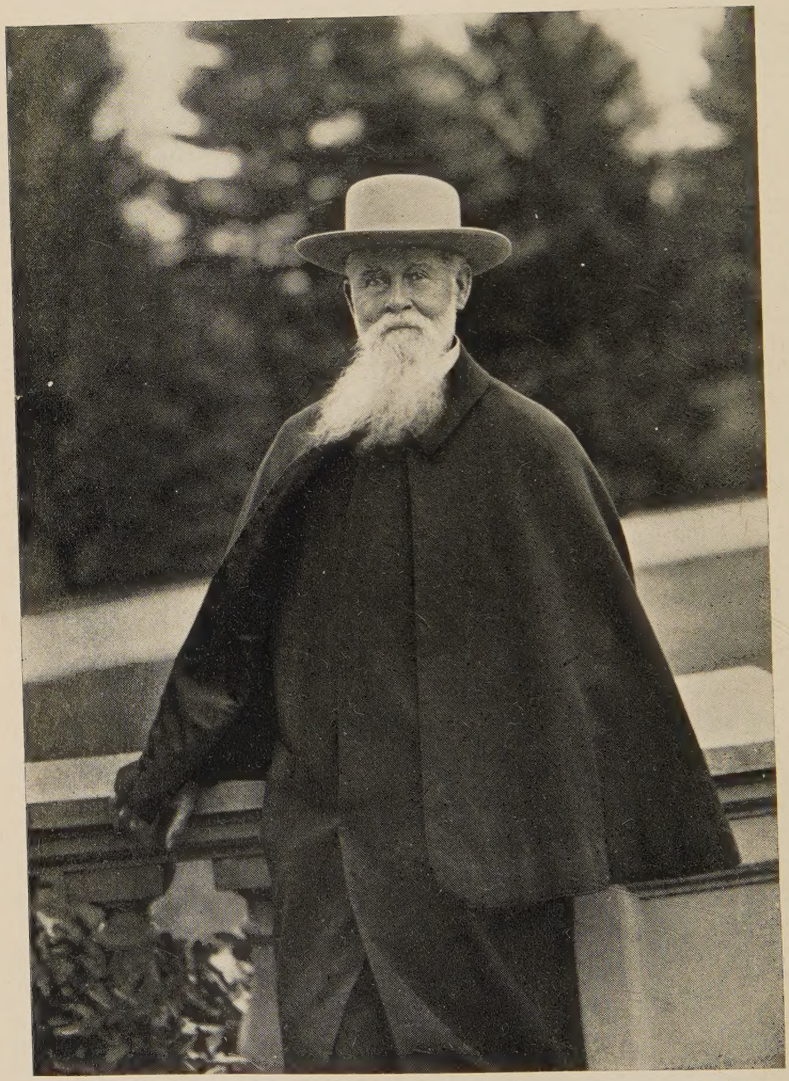

JAY COOKE AT EIGHTY

JAY COOKE

FINANCIER OF THE CIVIL WAR

by

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VOLUME TWO

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CONTENTS

Chapter		Page
XIII.	AFTER THE WAR	1
XIV.	ENTERING THE NORTHWEST	74
XV.	THE NORTHERN PACIFIC RAILROAD	146
XVI.	BOND SELLING	225
XVII.	THE "BANANA BELT"	295
XVIII.	THE PANIC OF 1873	378
XIX.	PERSONAL CHARACTERISTICS	440
XX.	RECUPERATION AND LAST YEARS	510

ILLUSTRATIONS

JAY COOKE AT EIGHTY . . . . . *Frontispiece*

PITT COOKE . . . . . *Facing page* 18

GIBRALTAR ISLAND FROM THE LAKE . . . . . " " 36

"GIBRALTAR." EAST SIDE OF MANSION ON GIBRALTAR ISLAND IN LAKE ERIE . . . . . " " 54

JAY COOKE, ABOUT 1875 . . . . . " " 100

"OGONTZ," A RECENT VIEW . . . . . " " 152

JAY COOKE, FROM THE PORTRAIT PAINTED BY VONNOH IN 1896 " " 180

MAP OF LOCATION OF THE NORTHERN PACIFIC LAND GRANT " " 228

JAY COOKE, FROM A CRAYON SKETCH BY ROBERT W. VONNOH, MADE IN 1896 . . . . . " " 250

JAY COOKE, FROM A MINIATURE PORTRAIT BY SARA N. BARTLE " " 250

MRS. JAY COOKE, 1869 . . . . . " " 292

DULUTH IN 1871 . . . . . " " 308

A RECENT VIEW OF DULUTH, LOOKING TOWARD THE HARBOR " " 320

ANOTHER RECENT VIEW OF DULUTH, OVERLOOKING THE LAKE " " 330

TACOMA, THE WESTERN TERMINUS OF THE NORTHERN PACIFIC RAILROAD, AS IT APPEARED IN 1884, SHORTLY AFTER THE COMPLETION OF THE ROAD . . . . . " " 340

MANSION AT PINE GROVE, PA. . . . . " " 354

JAY COOKE'S TELEGRAM IN CONNECTION WITH THE OPERATIONS OF THE SECOND SYNDICATE . . . . . " " 368

JAY COOKE, FROM A PORTRAIT BY WILLIAM M. CHASE . . " " 400

JAY COOKE, FROM A PHOTOGRAPH BY MARY CARNELL . . " " 420

BRONZE ON STAIRWAY AT "OGONTZ" SUPPOSED TO RESEMBLE THE INDIAN CHIEF FOR WHOM THE MANSION WAS NAMED . . . . . " " 448

INVITATION TO HOUSE WARMING AT "OGONTZ," 1867 . . *Facing page* 453
JAY COOKE AND MRS. MC MEENS . . . . . " " 460
A LETTER ASKING FOR CHARITY, WITH JAY COOKE'S "O. P. J." MARK . . . . . " " 476
ST. PAUL'S CHURCH, NEAR "OGONTZ" . . . . . " " 482
THE FOUR JAY COOKES . . . . . " " 488
VIEW OF "PERRY'S LOOKOUT" AND THE "NEEDLE'S EYE" . " " 494
JAY COOKE FISHING . . . . . " " 502
JAY COOKE, AFTER A DAY'S SNIPE-SHOOTING AT BEACH HAVEN, N. J. . . . . " " 512
NEW DAM IN ST. LOUIS RIVER, NEAR DULUTH . . . . . " " 528
JAY COOKE AND A GRANDDAUGHTER . . . . . " " 536
"OGONTZ LODGE" . . . . . " " 540
JAY COOKE'S MAUSOLEUM ON THE "OGONTZ" ESTATE . . " " 544

JAY COOKE
FINANCIER OF THE CIVIL WAR

CHAPTER XIII

AFTER THE WAR

The closing of the seven-thirty loan left the two houses of Jay Cooke and Company in a state of comparative idleness after the pressure and excitement of the preceding months. On October 31, 1865, Secretary McCulloch announced that the debt of the United States without deducting the Treasury cash balance amounted to $2,808,549,437.[1]

It was made up of the following principal items, all directly to be charged to the war,—its legitimate costs and its mistakes, squanderings and extravagances:

Five-twenties	$659,259,600
1881s	265,347,400
Ten-forties	172,770,100
Seven-thirties	830,000,000
Compound interest notes due in 1867 and 1868	173,012,140
Temporary Loan	99,107,745
Certificates of Indebtedness	55,905,000
United States Notes (Greenbacks)	428,160,569[2]

[1] The highest point was reached on August 31, 1865, when the debt of the United States was $2,846,021,742.04.

[2] Report to Congress of December, 1865.

During the fiscal year ending June 30, 1865, the national debt had been increased $941,902,537. There was much exchanging, converting and funding to be done, since short-time loans were constantly maturing and by realignments the debt of the United States by June 30, 1866, stood at a total of $2,783,425,879, showing a slight decline from its high point.[1]

One of Mr. Cooke's first duties after the close of the sale of the seven-thirties was the further support of the market by large purchases through his New York brokers. Once this policy had been undertaken there was almost no end to the need of intervention to serve some object important, if not vital, to the management of the Treasury Department, and in these movements there was still none who had his skill or facility. The necessity would continue so long as the government had funding operations in hand, and there were two currencies, one founded upon the value of gold and the other of the changing greenback. Indeed Mr. Cooke had scarcely a day of freedom from responsibility for the behavior of the market from the panicky times in March, 1865, induced by the fall of the Confederacy until the end of the year. On August 18th Fisk and Hatch told Mr. Cooke that their purchases of 7-30s for that day for government account had been nearly $1,500,000, all at 99⅛. They had got nearly the same amount the day before at 99. The surplus which could not be sold in the course of the operations was turned over to Assistant Treasurer Van Dyck (who had been appointed to succeed John A. Stewart), to be held for a more favorable market. The next day the price was again advanced and

[1] Report of the Secretary of the Treasury, December, 1866.

Fisk and Hatch wrote that "nobody smelt the rat," "the strength of the great 7-30 loan" being "the subject of general comment and congratulation." Once more the editors were "primed" and the newspapers, practically in unison, proclaimed the great worth of "governments." Secretary McCulloch had offered to take $5,000,000 and on August 21st $3,275,000 had been delivered to Van Dyck. Fisk and Hatch were anxious that the authority should be extended to ten or fifteen millions. Jay Cooke, acting through his brother Henry at Washington, persuaded Mr. McCulloch to agree to an extension to seven millions, which led to a long statement by Fisk and Hatch that to take proper care of the market, correct the evils of a too rapid absorption of the loan, remove it from the hands of large holders whose demands were urgent and place it with legitimate investors, authority should be at hand to sell at least ten or twenty millions. They (Fisk and Hatch) could make more money dealing in seven-thirties at the low price, but they did not wish to see the loan "buffeted about in that way." On this letter Jay Cooke wrote: "These are my sentiments also," and it was sent to Henry Cooke, who took it to Mr. McCulloch.[1] The result of the interview was that the Secretary left "the whole matter" to Jay Cooke's "discretion."[2] By September 11th Fisk and Hatch had delivered six millions to Van Dyck and had two millions still in hand over and above several millions they had "turned over at little or no profit," so that the original grant of seven millions was not very much exceeded. A few days later McCulloch was doubting the advisability

[1] F. & H. to J. C., August 24, 1865.
[2] H. D. C. to J. C., August 26th.

of advancing the price to par,[1] saying at length out of a mind that was never very stable, when his points were answered, that "there were good arguments on both sides of the question."

The fall of "governments," 7–30s going below 96, and the rise in the price of gold caused the Secretary on November 30th, to tell Henry Cooke to ask his brother to visit New York at once, and report a new plan for supporting the market. The situation alarmed him and his suggestions now included the creation of a foreign demand.

Jay Cooke was also in the foreground in the movement for a speedy return to specie payments. While in Washington in December, 1865, he presented to Secretary McCulloch a plan for resumption on the first of January, 1867. Of this communication E. G. Spaulding, "the father of the greenback," wrote Mr. Cooke: "The sanguine and confident manner in which you present so grave a subject must have inspired the Secretary with renewed confidence in his ability to bring the business of the country back to a gold standard." He thought, however, that Mr. Cooke was "rather sanguine in fixing so short a time." "I agree with you fully," Spaulding continued, "that it is of importance that the plan adopted by the Secretary should be comprehensive and made known to the country, so that all business men can shape their transactions to conform to it and aid in carrying it out." [2] This announcement by Jay Cooke was still not pleasing to some of his critics; they would not be satisfied. It excited the risibilities

[1] H. D. C. to J. C., September 15th.
[2] Spaulding to J. C., March 6, 1866.

of the California gold men. The *Alta California*[1] remarked with levity:

A new light has dawned upon the great champion of national debts — the larger the better, and of paper money, "the more the merrier."

It was only a short time ago that he was at the head of the paper movement, proclaiming that greenbacks constituted the soundest currency ever known, and denouncing the slightest hankering after gold and silver as treason, the blackest and most damnable. So convinced was he of the soundness of his position, that he despatched his brother to this coast to enlighten us poor benighted barbarians upon this outer edge of progressive American civilization, over whose minds, there was too much reason to fear, such old fogies as Adam Smith and John Stuart Mill were exercising too much influence.

It now turns out, that Mr. Jay Cooke, who sent out Mr. Pitt Cooke to California, and who sowed greenback seed all over the state, is in favor of getting rid of irredeemable paper money and returning to specie payments everywhere. Under these circumstances we do not know exactly what is to become of these ardent but insolvent patriots, who believe that it is the duty of the government to supply them with pocket money, when paper is the circulating medium, and treason to oppose their wishes.

Secretary McCulloch still had authority to issue small balances of bonds on the five-twenty and ten-forty accounts. By the last clause of Section 1 of the Act of March 3, 1865, wherein the Second and Third Series of 7–30s were authorized, he had unlimited power to convert into bonds "Treasury notes or other obligations bearing interest," but he wished larger powers concerning non-interest bearing securities, *i. e.* the greenbacks.

Mr. McCulloch's reliance upon Jay Cooke continued to be large, and as Horace Greeley had predicted the

[1] Dec. 15, 1865.

great Philadelphia banker at most times was "substantially" the Secretary of the Treasury. In November, prior to the preparation of his annual report to Congress, he sent for Mr. Cooke. "He will determine upon nothing," wrote Henry Cooke, "until after he sees you and his decision will finally rest very much upon your advice, if not entirely upon it." [1]

The essential recommendations in this paper regarding new legislation were the following:

"1st—That Congress declare that compound interest notes shall cease to be a legal tender from the day of their maturity.

"2d—That the Secretary be authorized in his discretion to sell bonds of the United States bearing interest at a rate not exceeding six per cent., and redeemable and payable at such periods as may be conducive to the interests of the government for the purpose of retiring not only compound interest notes but the United States notes." [2]

This policy promised some contraction in circulation and in reducing the amount of legal tenders looked to the resumption of specie payments at a day not too far distant. It was the signal for an excited and stubborn contest between honest and dishonest, and sane and crotchety financial authorities in Congress. A bill embodying Secretary McCulloch's recommendations and granting him the large discretion he requested, amendatory of the law of March 3, 1865, was introduced and ground its way through the House of Representatives, arousing the hostility of the greenbackers and those who

[1] H. D. C. to J. C., November 13th.

[2] Report of December, 1865, and letter to J. S. Morrill, Chairman of the Ways and Means Committee, March 23, 1866.

made a great bugaboo of the contraction of the currency. When it passed the House and went to the Senate it met the opposition of John Sherman, who concealed whatever his views were on the greenback question at this time under a conviction that the powers conferred upon the Secretary of the Treasury were too extensive. He wrote to Jay Cooke on March 30, 1866:

> I have been carefully studying the loan bill with the earnest hope to be able to support it, but I am staggered at the vast power it confers upon the Secretary. It certainly is not needed; it is dangerous and I feel that we ought now to rather limit than extend his power. Why not now provide for a five per cent. long bond, boldly maintain it by your popular agency in the market, then induce the [holders of] 7–30s to use their option and limit the time for them to do it; then you have a funded debt with only the interest to provide for. I am strongly inclined to make a determined effort to defeat this bill and give him one providing a long loan at five per cent. to be sold only for the purpose of funding the 7–30s. I know Harry's [Henry Cooke's] earnest desire to pass the bill, as it is, but it seems to me to be the entering wedge for a financial crisis that will disturb all values and may lead to repudiation. What say you?

In response to Mr. Cooke's letter of April 2d, reciting the merits and demerits of the measure but advocating its enactment, Sherman wrote that he agreed with the banker "mainly." "I still feel that McCulloch's bill is a bad one," he continued. ". . . I do not like to oppose it but my conscience reproaches me, as I could defeat it by a well-drawn bill providing for a five per cent. loan."

Sherman did oppose it, but he did not defeat it. On April 9th he said of the measure in the United States Senate, in non-concurring with his fellow members of the

Committee of Finance: "It confers on the Secretary of the Treasury greater powers than have ever been conferred since the foundation of the government upon any Secretary of the Treasury." [1] In spite of his long plea only six other senators voted with him against the bill. It became a law on April 12, 1866, and gave the Secretary large discretionary powers in funding the debt. It was stipulated, however, that not more than $10,000,000 of greenbacks should be retired within the first six months and afterward not more than $4,000,000 in any one month.

Under the law of March 3, 1865, and this law amending it a considerable amount of funding was undertaken. These grants opened the way for another large issue of Jay Cooke's popular five-twenties, the so-called five-twenties of 1865. During the fiscal year ending June 30, 1866, $103,000,000 of these new bonds were exchanged for maturing debt and almost as much more ($101,000,000) was funded into this issue during the first quarter of 1867.[2] On October 31, 1866, the total amount of outstanding five-twenties was $823,944,000, the seven-thirty indebtedness having been reduced to $724,014,300. These funding operations were tedious and troublesome and Jay Cooke continued to be the fiscal agent of the government, managing many transactions of importance and magnitude. His pet measure, however, as Sherman knew when he opposed McCulloch's bill was a great five per cent. loan to be called "The Consolidated Debt of the United States," which he pledged himself to negotiate at a great saving to the govern-

[1] *Cong. Globe*, 1865–66, p. 1845.

[2] McCulloch's Report of December, 1866.

ment. In response to a request he prepared and forwarded to the Secretary of the Treasury the following "Memorandum" on this subject:

A 20/40 year five per cent. loan, principal and interest payable in coin, can be negotiated at par by the expenditure of not less than one per cent. for "popularizing" the same. If in addition to the present exemption of United States bonds from state and local taxation these bonds could be free from the operations of the income tax, or other government taxation, it is confidently believed there would be no difficulty in funding into them not only that portion of our indebtedness over which the Secretary has control, but also a considerable proportion of the outstanding 7–30s at and before maturity — the preference being given to the new and popularized five per cent. loan over the shorter and taxable 5–20s.

Further the whole of the 514 millions of 1862 5–20 loan would be funded into the 20/40 five per cents., probably much of it before the maturity of the option on the 1st of May, 1867, at which time the government has the right to pay off this whole issue of "old 5–20s."

The holders of the 7–30s, 5–20s and other classes of indebtedness, as also new subscribers, by taking a five per cent. loan instead of a six per cent. loan, would in effect surrender to the government one-sixth of the annual interest in lieu of taxation, an amount more than three times the present five per cent. income tax now paid by those who hold the majority of the loans, besides in effect thus getting tribute from that immense class whose income from government loans is less than $600 per annum, and also from those whose income is greater but who fail to make any return — this also would reach in effect all foreign holders of six per cent. bonds. The saving is 16 2-3 per cent., a sum much higher probably than any income or other national tax; and yet a loan absolutely free from taxation, and therefore free from all uncertainty as to its future net productiveness could easily be made more attractive to the public than a loan having a higher rate of interest and subject to fluctuating and possibly oppressive taxation.

The high rates of interest now paid by the general government upon temporary loans, 7–30s, compound notes, six per cent. gold bonds, etc., has an injurious effect upon the money markets and business of the country, compelling as it does all other interests (manufacturing, commercial and producing interests particularly) to pay even higher rates and thus increasing the difficulty of competing with foreign markets where capital is abundant and cheap and manufactures and productions correspondingly lessened in cost.

Suppose that within the next two years two thousand millions of the five per cents. were negotiated, the saving in interest (as compared to a six per cent. loan) of 20 millions per annum invested and compounded would pay off the whole debt within 36½ years.

I would also add that the operations of this sinking fund would give subscribers to the five per cent. loan great confidence knowing that a provision existed for not only ultimate extinction of the debt, but also for creating each six months an active demand for and absorption of any surplus that might be pressing upon the market.

I understand that you have immediate control over the following short date obligations, say,

Temporary Loan	$122,000,000
Certificates of Indebtedness	62,000,000
One and two year 5% notes	8,000,000
Three year compounders	172,000,000
Add in 6 months 10 mills and 6 months 26	36,000,000
	$400,000,000

Of course I am aware that there is a very great feeling existing against a five per cent. loan, but this I am sure would pass away so soon as the 10/40s were put to par, which of course would have to be done. The old 5–20s fell once to 92 during my negotiation of that loan and remained down for months below par, but on reaching par again people at once rushed into them and forgot their former depression. Also it would be

much less expensive, I suppose, to sell a six per cent. loan, and would not require so much preliminary effort, but I feel that for reasons given above we ought to come down to five per cent. and of our success I have not the least doubt.

Very respectfully,

JAY COOKE.

Hon. Hugh McCulloch,
Secretary of the Treasury.

From this time on the Cooke interests strove for specific authority for a five per cent. loan with absolute exemption from taxation, convinced that the entire debt could be advantageously converted into long bonds of this class. Sherman warmly advocated the idea, McCulloch expressed his approval, and there was much propaganda-making in its behalf both in and out of Congress. The bill was regarded as peculiarly Jay Cooke's and Sherman's sponsorship marked it as this even more plainly.[1] Although demonstrably calculated to effect a large saving to the government, if the interest on the national debt could be reduced to a uniform rate of five per cent., there was a provision that two per cent. should be paid to the negotiators, and rival banking interests set upon the scheme with their olden savagery. It was said that Mr. Cooke could not persuade the holders of 7-30s and 5-20s to give them up for a new loan bearing a reduced rate of interest, in spite of his promise again to magnetize the people. Fessenden, whose support was expected, wavered; McCulloch exercised the privilege of one of his temperament to reconsider his decision and Chase wrote to Mr. Cooke privately:

I see Mr. Sherman has introduced your bill. Change the loan to 10–40s and strike out exemption from national taxation and it

[1] For the text of the bill see *Cong. Globe*, 1865–66, p. 2331.

will do, though I think the two per cent. too high.[1] You last of all men ought to desert the 10–40 plan and go for a thirty year loan. It was because you insisted that the takers of the 5–20s would be disappointed and have a right to complain, if more were issued, and because I wanted to keep perfect faith with them, that I resorted to the 10–40s instead of keeping on with the 5–20s, thinking one about equal to the other.

Chase wrote again:

Of course I stick to my own plans of funding 5–20s or 10–40s. Ask me anything except to murder my own children, especially when I am sure that they are sound, healthy, well-favored, have done good service and are fully capable of doing all that anybody's can do, and I think much better.

The times seemed to be unpropitious for the bill, although Sherman faithfully advocated it. On May 13th he wrote:

There will be strong opposition to the income exemption clause, but I do believe if you and McCulloch will help vigorously we can pass it. Its success with the people is sure. I think the Committee will agree to its report on Tuesday, Fessenden and perhaps Morgan *no*. If I have difficulty in getting it through, as it is, I will abandon the income exemption clause and strike for a five per cent. thirty year loan, or 20–40, and if they are determined to force a six per cent. loan on the market I will favor taxing it. I can't write to you what I believe are the motives of the opposition to this project.

On June 3rd he wrote again:

I agree with you entirely that we ought to push the loan bill even if it fails. The responsibility will then rest on them who defeat it. I feel quite sure with proper effort it will not fail.

[1] Jay Cooke disclaimed responsibility for this feature of the bill. "Not my figure," he wrote; but he wished it to be remembered that this was a five and not a six per cent. loan, while there would now be none of the patriotic enthusiasm which led to the rapid taking of the war loans.

It is universally approved in the West. Every newspaper in Ohio sustained my position.

On June 15th Sherman continued:

The funding bill still hangs fire. I don't know whether McCulloch wants it or not. I think not. Van Winkle [a Senator from West Virginia] made an excellent speech in its favor and I feel sure it is stronger than it was. Oh, for an energetic Secretary, a man with a will like Chase. McCulloch foolishly arrayed against himself political feeling, and this weakens everything he really wants. If he will say the word I will guarantee its passage in the Senate.

Henry Cooke again went to McCulloch and had him agree to write to Fessenden "expressing his earnest desire" that the bill should pass,[1] but the Secretary's perfunctory support of the measure was of no value to it.

Chief Justice Chase further elucidated his views on the funding question in a letter to Mr. Cooke of June 27, 1866:

As to the loan bill I felt sure from the first that it could not pass in the shape proposed. If Mr. Sherman had adopted the amendment to which you agreed, and to which when you left my house you said he would agree, there would have been a good chance for it; but he did not. I am sure he acted upon the best motives and as a senator always should act upon his own convictions, but I thought then and think now that he erred. You may easily conceive how great pain it gave me to differ from you and differ from him. If there are any two men in the world whom I love, you and H. D. are the two, and for Sherman I feel not the same affection exactly, but a respect, and esteem, and confidence which cannot be easily expressed. But I had clear ideas of duty about the bill which I could not surrender. I never, as you know, regarded my own interests when Secretary in comparison with those of the country, and I could not yield

[1] H. D. C. to J. C., June 18th, 1866.

my honest convictions to the judgment even of my best friends. I had when Secretary, established the principle of controllability of public debt with great opposition and I could not abandon it, or help in obtaining its abandonment. I had established also two loans as the funding loans, 5–20 sixes and 10–40 fives, and I fully believed them adequate. All our legislation had recognized them as the funding loans. The 7–30s were made convertible into them. I thought it hard of you and Sherman, who had always been my right hand men, to put the brand of insufficiency on these loans which you had aided me in establishing and which had stood the test of war. Of course you were right in abandoning my funding principle for a better if you found a better; but I did not think it better or so good and so held on.

It is likely that Mr. Chase's influence was not very weighty; in any event the bill failed. It was approved by the Senate on July 19th, but it never found its way through the House and the measure must await the next session.

Mr. McCulloch now became the object of a number of newspaper attacks which exasperated him and served to increase his timidity. For several months Mr. Cooke had been using his influences to save the Secretary from these annoyances,[1] but the New York *Herald* and *Harper's Weekly* returned to the charge very vigorously. McCulloch asked Huntington to have Mr. Cooke stop Bennett's assaults. The immediate cause of them was the Secretary's secret arrangement with Jay Cooke and Company to buy 7-30s and sell new 5-20s, an exchange which was effected at some mysterious rate—in reality one-eighth of one per cent. each way, or one-fourth upon the whole amount of the conversion. *Harper's Weekly* revived the old story that the service could

[1] Hennessy to J. C., January 26th, and April 28, 1866.

have been much better and more cheaply performed by the Assistant Treasurer in New York, adding sagely that "Jay Cooke was a banker in the smallest kind of a way in Ohio when Mr. Chase inaugurated his system of finance." "Perfectly competent men," this adviser continued, "could have been hired to do the job at one-tenth of Jay Cooke and Company's rates." [1] John Russell Young found that the article had been written by John Bonner, who had got his antipathies by his training in the office of the *Herald* and an apology was sought, Mr. Cooke's press agents pursuing each guilty writer with astonishing faithfulness at all stages of the history of his firm.

Late in August a firm of New York bankers sent out a circular alleging that the Treasury was hoarding specie, " with the sole result of promoting the interest of the gamblers in gold," and that the government's obligations would be wholly or partially repudiated, again arousing the Secretary's anger. He once more called upon Jay Cooke for aid. He wrote: "I enclose an atrocious circular of Wotherspoon and Company which is calculated to do us material injury on the other side. Will you do me the favor to call the attention of editors of journals, whom you have used in times past for the protection and advancement of the government credit to this circulation and request them to deal with it and the authors in such manner as will be likely to prevent similar publications in the future. When you are again in New York it would be well for you I think to call upon Wotherspoon and give him a 'raking down.' Hanging would be too light a punishment for such a scoundrel." [2]

[1] August 4, 1866.

[2] McCulloch to J. C., August 24, 1866.

Stone of the *Journal of Commerce,* who never had been pacified, now had "Jay Cooke on the brain," [1] and to cap it all the Secretary was being treated to an investigation in answer to a resolution of the House of Representatives.[2] He was called before the Banking Committee to give an account of his purchases and sales of gold and bonds which led to some statements in Congress and in the press for a time gratifying to his enemies. He now felt that he could not consult Jay Cooke as in the past for fear of public criticism. "He seems to be all at sea in regard to the future," wrote Huntington after an interview with him, "so that he knows not what to do." On July 30th, the session being ended, John Sherman wrote the financier: "Our funding bill failed from the mere timidity of the Secretary, but I was determined to put it through in some form in the Senate, and cared little for its fate in the House. The next time I enter into such an undertaking I want to be sure of my backing."

The firm of Jay Cooke and Company having been in existence for five years, the term for which Mr. Cooke and William G. Moorhead had formed their partnership, on January 1, 1866, a new arrangement was entered into between them. Mr. Moorhead for several months had discussed in his own mind and with Mr. Cooke the question of leaving the firm. His wife's health was failing and much of his time was passed in Europe, where they travelled from spa to spa in a vain effort to recover it. He, however, concluded upon full reflection to continue his association, and the terms of the new partnership

[1] Van Dyck to McCulloch.

[2] *Cong. Globe,* 1865–66, pp. 2946 and 3301.

were detailed in Jay Cooke's letter to Fahnestock on December 19, 1865:

Dear Fahnestock:

Tell the Secretary that H. D. and I have gone to New York and will post him as to how matters look there.

A day or two since I had a final talk with W. G., and found that he had determined unreservedly to remain a full partner and by retaining his interest thus give the firm the additional strength of his millions.

Pitt and H. D. and I go to New York this morning and shall remain there probably till 6 p. m. to-morrow. We shall try to arrange for an office to be opened about the first of January, Pitt as the wheelhorse, with the selection of some one in New York as the active trader, and then fill up with selections from our two offices and banks, etc. This extension to New York contemplates a speedy extension of interests to London, but say nothing of this at present.

We have decided to divide the matter as follows:

O. P. J. one-tenth *first,* and balance

Washington Office —

J. C.	33	1/3
W. G. M.	16	2/3
H. D. C.	14	
H. C. F.	14	
P. C.	7	
W. S. H.	5	
Swain	5	
Pearson	5	100

Philadelphia Office —

J. C.	33	1/3
W. G. M.	16	2/3
H. D. C.	14	
H. C. F.	14	
P. C.	7	
W. S. H.	5	
Sexton	5	
Geo. C. Thomas	5	100

This division we think would be gratifying and satisfactory to all. W. G. and I give up one-third that is I get 33 1/3 instead of 50 on the two offices and W. G. in same proportion as originally agreed with him. Your and H. D.'s interest is reduced only 2 2/3 in the Washington office and in return you get 14 per cent. in the Philadelphia office or rather equal to 28 per cent. in one office instead of 16 2/3.

This proportion will be kept up in New York and London. Without Pitt's presence in New York I should not deem it safe to open a house there and 7 per cent. is as little as W. G. and I are willing he should have. Geo. C. T. and Sexton will sign as full partners in Philadelphia and Pitt in all the offices, and the rest of us of course; but Huntington and Swain and Pearson will only have a contingent interest not partners (Huntington can't be you know as cashier). We insure to Geo. C. T. and Sexton and Swain and Pearson 3,000 at any rate. If their interest exceeds this they get it.

Say nothing of this to the boys at present.

In haste yours truly,

JAY COOKE.

Fahnestock replied that "the apportionment of interests" in the new firm was "entirely satisfactory" to him, and the arrangement was concluded in this manner. Thus was Jay Cooke's brother Pitt admitted to partnership in both the Philadelphia and Washington houses. Fahnestock, H. D. Cooke and W. S. Huntington became partners in Philadelphia, as did two useful clerks in the Philadelphia office, John W. Sexton and George C. Thomas. At Washington Weir was eliminated and Huntington was added with two senior clerks, Pearson and Swain. Moreover Mr. Cooke's intention to establish two new houses, one in New York and one in London, was definitely announced.

The New York branch first claimed Jay Cooke's active

PITT COOKE

interest. The closing of the war left Washington a much less important banking centre, and it had been seen for a long time that Jay Cooke and Company must sooner or later have an establishment in New York. Hitherto, Clark, Dodge and Company had supplied this need, while large commissions were also entrusted to Fisk and Hatch and Vermilye and Company. The house had too much reputation and too many resources to confine itself to Philadelphia and Washington when there was no longer any great amount of government business to be transacted. Fahnestock had long advocated the step and Jay Cooke wished to make a place in the system for his brother Pitt. The failure of the Columbian Marine Insurance Company early in 1866 left vacant an office in a marble building at the corner of Wall and Nassau Streets, which was procured, and on March 1st it was opened as the New York house of Jay Cooke and Company. Fahnestock, "without any lack of appreciation of Pitt, whose business qualifications," he said he "highly esteemed," had cautioned Mr. Cooke against entering the city unless a man could be found "to compete with Crawford [Clark, Dodge and Company] and Wood [Vermilye and Company] whom he considered the most accomplished brokers in the New York of that day.[1] He himself was brought on from Washington therefore to become the principal resident partner, sharing with Pitt Cooke and Edward Dodge, "Uncle Pitt" or "Old Pitt" and the "Commodore" as the juniors called them,[2] the responsibility for the man-

[1] To J. C., December 20, 1865.

[2] Mr. Dodge was the brother-in-law and business associate, it will be remembered, of Jay Cooke's good friend and patron Enoch W. Clark, in Cooke's early years in Philadelphia.

agement of the establishment, but they were mainly counsellors and "Fahny" bore the burden of the practical work, especially in the bond department of the business. The shares were as follows:

O. P. J. one-tenth first.		
Jay Cooke	30	
W. G. Moorhead	15	
H. D. Cooke	14	
H. C. Fahnestock	14	
Pitt Cooke	7	
E. Dodge	20	100

To enter New York, as Jay Cooke had foreseen, was to forfeit many of the happy relationships which had so long subsisted with large firms there. They had been trusting friends; they were now to become rivals. All contended actively for the same trade, but Jay Cooke and Company's New York men proved to be qualified so well for the contest for money in that city that their own partners soon recorded their complaints. "Oh, those Yorkers," wrote Huntington in April, 1866. "We can't do anything with them, or make any money out of them," and Henry Cooke in a letter to Fahnestock wrote: "You sinners cut in closer than anybody else and leave us a smaller margin of profit. I tell you frankly that we can generally in this class of transactions make much more advantageous trades with other houses in New York than with J. C. and Company." [1] And in a letter to George C. Thomas, who was rapidly making himself the leading spirit in Jay Cooke's absence in the Philadelphia house, Fahnestock wrote in response

[1] July 1, 1869.

o some complaints which seem not to have been unounded: "It is generally conceded by persons who now us that we understand what we are about, and the est evidence that we trade on the market is in the fact hat our trade is larger than that of any other governnent house in New York. Of course it is my interest to ave you make money and to help you when I can, and et being large and constant traders we must first conult our own business wants."[1] The New York partners evidencing this disposition, Jay Cooke advised his Philadelphia and Washington houses to do business in hat city where they could, regardless of the firm conection, and this policy was continued with little interuption until 1873.

The operations of the New York house were at once nexpectedly successful. It employed itself profitably in eneral trade and in government business, principally in onverting 7-30s into McCulloch's new loans. The first wo months, March and April, 1866, netted about $60,-00. The profits for July were $102,000 and for the en months ending December, 1866, the net returns were 520,554.84, of which $500,000 were divided, $50,000 oing to "Old Patriarch Jacob," while the partners reeived the following amounts for their shares:

Jay Cooke	$135,000
W. G. Moorhead	67,500
H. D. Cooke	63,000
H. C. Fahnestock	63,000
Pitt Cooke	31,500
E. Dodge	90,000
	$450,000

[1] July 28, 1869.

1867 was little less profitable to the partners, the net result being $440,000, of which $415,000 were distributed to the "Old Patriarch" and the other sharers in the blessings of the year. For 1868, which was not so fortunate a year, $200,000 were divided.

The Washington house distributed $190,000 at the end of the year 1865, while for 1866 and 1867 the annual net yield was about $100,000. The Washington bank continued to thrive and on July 1, 1866, the stockholders received a dividend of 20 per cent. in gold, Jay Cooke's share being $37,500 in currency, which seems to have been the result of three months' business. The profits of the bank at this time were immense.

In the bitterness engendered by the development of a reconstruction programme, and the disputes between President Johnson and Congress which led to his trial for impeachment, the influence of Jay Cooke was conciliatory but firm. On January 4, 1866, he wrote his brother Henry: "I am disgusted at the want of boldness, faith, originality, etc., in our financial and reconstruction plans and chafe over this whole terrible sacrifice of credit and opportunities. If plain, simple, common-sense plans were adopted," he continued, "there would not be the least difficulty in accomplishing all that the most sanguine could wish."

He was appealed to from many sides to use his influence in ameliorating political conditions. He visited President Johnson, who had $60,000 in Huntington's hands in the First National Bank at Washington, and discussed the situation at length in the interest of peace, as did John Sherman and other men in Mr. Cooke's political group. The banker's sympathy for the Southern

people, as for all who were in any kind of actual need, was genuine. He harbored none of the vengeful resentments which abounded in the minds of many Northern men whose acts and speeches disgraced this unhappy period. To him numerous appeals for charity were directed by men and women in the South upon whom the sufferings and distresses of the war seemed to bear overwhelmingly; they poured out their hearts to him in words that so long as he lived he never knew how and never tried to resist.[1]

As a reconstruction measure he had it in his mind to form a *crédit mobilier* for the relief of the wants of the Southern people, an "Industrial Credit" for which he actively sought the endorsement of Congress. But that body was so busily occupied with the work of imposing political abominations upon the subjugated people that it had little favor to spare for such truly good and useful

[1] One of his leading seven-thirty agents, H. C. Storms, wrote Mr. Cooke from Charleston, S. C., November 27, 1865: "Since I left Philadelphia I have traveled through the states of Virginia, North Carolina, and will finish up this state in a very short time. It will not take long for it has very nearly finished itself. The whole country is very poor. The farms show it, the houses in the towns show it for want of paint and repairs, and the people show it in their very countenances. Everything is in mourning. The women all look sad; they have lost all their property and worst of all they have now got to lose their pride. Desolation and ruin present themselves to your view, look where you will — the Navy Yard opposite Norfolk burnt down, Richmond half burnt down, a part of Petersburg and almost every other place I have been in. One-third of this city has been destroyed by fire and I think it very doubtful whether it will be built up in fifty years as it was before. The negroes are starving and freezing, not so much here as in Virginia. The poor souls have a hard time of it. The prisons are all full, some working on the streets, in many places with ball and chain fastened to their legs. They have been taken up for stealing by the military. Thousands have already died and thousands more must die from exposure and starvation."

projects. The subject was entrusted to Robert Dale Owen, a son of Robert Owen, the noted communist, and William E. Chandler and S. P. Andrews of the Treasury Department. Sherman was expected to father the bill in Congress. Governor Parsons of Alabama told Henry Cooke in Washington that it was "a great, a grand idea, magnificent as well as beneficent, patriotic as well as practical. He says your idea of linking the people of the South to the government by such powerful ties of self-interest as you propose will be omnipotent for good, and that nothing else is needed; that it is the true reconstruction because it is commercial, financial, industrial and social reconstruction, which underlies political reconstruction and out of which the latter will spontaneously grow. It needs, he says, no additional guarantees as proposed in your constitutional amendments, because the government will have stronger guarantees than any paper provision (constitutional or otherwise) of law in the affection which such beneficence will awaken in the breasts of the people towards the government which extends it." [1]

The quarrels of the radical and conservative factions continued, however, subduing all humanitarian sentiments. McCulloch, who was engaged in the very difficult task of making himself acceptable to all parties in order to hold his place in the Johnson cabinet, told Henry Cooke on October 12, 1866, that the President was "sincere in his views and perhaps obstinate in sticking to them," but would not "under any circumstances venture upon a policy of violence or revolutionary factiousness, and further that there has never been a word

[1] H. D. C. to J. C., April 28, 1866.

n all their cabinet consultations even squinting in that lirection. To quote McCulloch's own words as near as can, 'Mr. Johnson is honest and he is law-abiding and s now as ever anxious and willing to obey and carry out the fairly expressed will of the people.' " [1] But a pacific course seemed to be out of the question. The South and its conservative sympathizers everywhere, specially in the pivotal state of New York, were encouraged to prolong their opposition to the constitutional mendments, tempting the Congressional majority to go he entire length of its extreme programme, including he scheme for universal suffrage. After the anti-ohnson victory at the polls in the autumn of 1866 the uccessful party conducted itself in a very arbitrary nanner. As the Congressmen arrived they promptly isited Jay Cooke's Washington office. Henry Cooke vrote on November 30, 1866, that he was "holding a egular levee." "Colfax, Washburne, Spaulding, Sherman, General Moorhead and others were among the allers. They all talk alike about the political future. hey feel that they as victors are masters of the situaon and can with their two-thirds majority run the maine of government themselves. The position of the resident and the administration is a matter of comparave indifference to them. All that the President and is cabinet will have to do will be to execute the laws hich Congress makes, etc." [2]

Unwilling to believe the rumors until the last moent, Henry Cooke wrote on January 19, 1867: "I am eluctantly coming to the conclusion that the Radicals

[1] To J. C., October 12, 1866.
[2] H. D. C. to J. C., November 30, 1866.

intend to force through the impeachment against Johnson as a political measure. This is nothing more nor less than revolution. We may as well look the facts in the face. The intention is to get rid of Johnson, to put Wade or Fessenden, probably Wade, in as President of the Senate and he in turn will become acting President under a law of Congress depriving the President of the exercise of the functions of his office while on trial. Then a new law of Congress will increase the number of judges of the Supreme Court to be appointed by the new President, giving them the majority of the Court. Thus they will have the legislative, judicial and executive power in their own hands (now they have only the legislative) and they will proceed to reconstruct the South in their own way." [1]

In the midst of this festival of crimination and recrimination it was very natural that Mr. McCulloch, and with him Jay Cooke, should be made the subject of an onslaught, the most savage which had yet been directed against him, although the banker had already undergone several such experiences. Mr. McCulloch was still nettled by his newspaper critics. On June 15, 1867, in response to Mr. Cooke's invitation to visit Gibraltar the Secretary wrote:

My Dear Mr. Cooke:

Your kind note of the 6th inst. was handed to me by H. D. a few days since. . . .

I am a good deal thicker skinned than I was when I came to Washington, but I cannot help being annoyed by the attacks of the *Journal of Commerce* and the New York *Herald*. The trouble with these fellows is that we are getting along comfortably, notwithstanding their predictions to the contrary and

[1] To J. C., January 19, 1867.

heir persistent efforts to prevent successful management of the nances. Still I am tired of their constant imputations of dis-onesty against Mr. Van Dyck and myself, and cannot help eeling that I am a dunce for retaining a position in which there is o much of labor and anxiety and so little reward. I envy your elightful recreation on Lake Erie, etc.

Very truly
Your friend,
HUGH MCCULLOCH.

In August, 1867, Stanton was "suspended" as Secre-ary of War, having refused to obey a request for his esignation by Mr. Johnson, thus intensifying the bit-erness felt for the President, and McCulloch did not in-rease his popular prestige by concurring in the act. ndeed, the removal of the Secretary of the Treasury vas now openly demanded upon many sides—by "the oliticians, the bank note companies, the gold gamblers nd one or two large New York banking houses engaged n foreign exchange business," said Henry Cooke. "A owerful combination," was arrayed against him, but e was determined to hold his ground in spite of his vex-tion at the attacks of his enemies. He would not re-ign unless "flatly invited" to do so.[1]

The elections in 1867 by the American rule of change vere [2] much more favorable to Johnson, a result not very atisfactory to Jay Cooke. "What bad news, sad news o-night," he wrote from Gibraltar on October 9th.

[1] H. D. C. to J. C., August 19, 1867.

[2] The New York *World* remarked: "Outside of Congress, Chase, Mc-ulloch, Jay Cooke and other financial castles in the clouds, and inside f Congress, Stevens, Wade, Chandler and their ultra-radical nigger wor-hippers have all been upset by the late elections. They must now be ransferred to the back seats among the used-up politicians — Old Thad ongside of Old Buck, McCulloch by the side of Bobby Walker, and hase and Jay Cooke near the shadow of old Nick Biddle."

"Pennsylvania and Ohio gone Democratic and the sad lessons of the war all forgotten. Well, God reigneth. His will and purposes will all be made known and enforced in good time." [1] Henry Cooke viewed the result more cheerfully, for he wrote his brother on October 12, 1867:

About the elections. You know how I have felt for a long time past in regard to the course of the ultra infidelic radicals like Wade, Sumner, Stevens *et id omne genus*. They were dragging the Republican party into all sorts of isms and extremes. Their policy was one of bitterness, hate and wild agrarianism without a single Christian principle to give it consistency, except the sole idea of universal suffrage. And now the party has suffered a check because sound and sober men had begun to lose confidence in its leaders. These reckless demagogues have had their day and the time has come for wiser counsels. With Wade uttering agrarian doctrines in Kansas and fanning the flame of vulgar prejudices, trying to array labor against capital and pandering to the basest passions; with Butler urging wholesale conscription throughout the South and wholesale repudiation throughout the North so far as the national debt is concerned; with Stevens joining hands with the traitor Vallandigham and advocating the idea of a flood of irredeemable paper money sufficient in volume to drown the whole country; with Pomeroy and Wade and Sprague and a host of others clamoring for the unsexing of woman and the putting of the ballot in her hand; with sumptuary laws in Maine invading every man's apple orchard and kitchen pantry and dragging him before the courts if a drop of cider is found on his premises; and in Ohio with a mad project coupling together the enfranchisement of negroes and the disfranchisement of noble white soldiers who had risked their lives for their country, who had served in the army all through the war and who were not in reality but only technically deserters, what wonder is it that the accumulated load was too heavy for any party to carry and that it broke down under it? For my

[1] To H. D. C.

part I have no tears to shed because I believe that henceforth the Republican party will be purified and will be ten times stronger for the purification. . . . I am alluding to these facts and they are facts merely to show that you are taking too gloomy a view of the result when you say it is an endorsement of the repudiating financial doctrines of Vallandigham and Pendleton. Even the Democrats here place no such construction upon it, not even A. J. They all say, the latter included, that the Republicans brought about their own defeat by lugging into the canvass these side issues to which I have referred, and especially in Ohio by the persecution of good loyal boys in blue. It does seem as if the Republican leaders in Ohio were demented. . . . I regard the defeat of this fall as merely a timely warning which if heeded will be sure to save the country from infinitely greater disaster next year.

The stories as to McCulloch's resignation were revived and it was stated that Erastus Corning would take his place. This rumor was soon positively denied. In February, 1868, the Secretary was still complaining of the aspersions of the New York journals and asking Henry Cooke to move in the matter. The latter wrote to his brother as follows:

I believe that we could do a great deal more with him but for these attacks which make him timid, and that it would pay to make an effort in that direction. There is not a single paper in New York that is heartily on his side. It seems to me that our folks there could stop this and turn the current in his favor if they would take more pains to conciliate the editors. You never see a whisper from the Washington correspondents.[1]

On January 21, 1868, General John A. Logan, a Representative from Illinois, introduced a resolution which the House passed, directing the Secretary of the Treasury to furnish information in regard to recent sales of

[1] H. D. C. to J. C., February 17, 1868.

ten-forty bonds.[1] He alleged with some barbarity that they were disposed of under the New York prices through a private banking house. If they were sold at all the operation should be managed by the Treasury Department directly. Furthermore, such action increased the amount of cash withheld from trade and contracted the currency.

Secretary McCulloch responded to this resolution of inquiry on January 28th.[2] He had sold more than $8,000,000 ten-forties, all through Jay Cooke's Washington First National Bank at ⅛ of one per cent. commission, a total of $10,177 upon which showing angry charges of favoritism were based, Randall joining Logan in the denunciation of the Secretary and his methods. Logan was still unsatisfied and on February 20th the House on his motion resolved:

> That the Secretary of the Treasury be directed to inform this House whether the original letter of which the annexed is a copy, dated December 30, 1867, was signed by him; if so to whom it was addressed and whether the propositions therein contained were complied with by the parties to whom it was addressed. Also to inform this House whether the sale of 10/40 bonds from October 16, 1867, to January 20, 1868, were at rates equal to the quotations of sales in New York City on those several days respectively; why the amount paid into the Treasury for the sale of said bonds did not withdraw currency from the business of the country, and why the operations of the Treasury Department for some months past have been such as to diminish, rather than increase, the balance in currency in the Treasury of the United States as stated in his communication, dated Janury 28th, in reply to a resolution of the House of Representatives of the 21st of January last.

[1] *Cong. Globe,* 1867–68, p. 664.
[2] *Cong. Globe,* 1867–68, pp. 1298–1302.

Simultaneously an anonymous circular made up of extracts from newspaper articles, including some recently published criticisms by the Philadelphia *Ledger,* appeared upon the desks of Senators and Representatives, another unfriendly act duly reported to the financier by Sherman and Henry Cooke.[1]

The explanations demanded in Logan's resolution were scarcely made[2] when he presented another which was openly directed against Jay Cooke's management of the war loans. On March 18, 1868, upon his motion, the House of Representatives resolved:

> That the Secretary of the Treasury be directed without delay to report to this House the amount of commissions paid for the sale or disposal of United States bonds or securities, since the second day of March, A. D. 1861, to whom paid and if commissions are still paid for similar services to the same parties; if not to whom commissions, if any, are paid; also what amount of gold has been sold by the Treasury Department since the second day of March, A. D. 1861, and what amount of commissions have been paid on the sales of gold and to whom paid; whether said commissions on the sale of gold were paid in coin or currency; that he state separately the aggregate amount of commissions paid on the sales of government securities and the sale of gold.[3]

Secretary McCulloch asked Jay Cooke "to take off his coat" and prepare a full statement of all the loan sales which he had made from the beginning of the war to 1868. The tone of the demand caused the financier to feel and express much indignation. He wrote his brother Henry:

[1] H. D. C. to J. C., February 21, 1868.

[2] The House received the secretary's explanations on March 9th, *Globe,* p. 1774.

[3] *Cong. Globe,* 1867–68, p. 1972.

I consider Logan's remarks as a direct insult which ought to be met at once. . . . The question of employing another person to act for the Treasury Department is another matter and if Congress wishes the Secretary to abandon the policy which has prevailed since the commencement of the war we have no complaint to make. We can get along without them if they can get along without us, but I am determined that these attacks upon our honor and our integrity shall be met at once, and indignantly. All of the Secretaries will vouch for the fact that we have in all instances obtained the very highest prices and in our manipulations of the market for their benefit have always increased, instead of diminished the price. Mr. Fessenden knows and will vouch for the truth of this statement. It is hard that a gallant soldier like General Logan should lend himself to injure the very parties who stood by him and his fellow soldiers, and raised the means for their payment when these very men who are now hounding him on to attack our character and reputation stood by, and speculated in gold, and did all they could do negatively to break up the Union. . . . There are times when the Secretary can serve the country by employing faithful agents, such as we claim always to have been. The thing must come to a head. I am not willing to appear as constantly receiving pay from the government for work which it is asserted others will perform for nothing. If any work done by me ought not to be paid for I am not willing to receive it further.[1]

"I can't for the life of me see what Logan is driving at," Henry Cooke remarked on March 19th. A few days later he "believed" that Drexel had "something to do with this business" while Randall,[2] who was helping him, put Logan forward as the ostensible mover of the resolution. "Nothing can be done with Logan," wrote Henry Cooke. "He disclaims any personal hostility to

[1] February 24, 1868.

[2] The election expenses of Samuel J. Randall were paid by the Drexel-Childs interests.— A. K. McClure, *Old Time Notes of Pennsylvania*, Vol. II, p. 23.

us, but says the whole Treasury management is wrong, etc." [1]

McCulloch's assistant now was William E. Chandler of New Hampshire. He had been Speaker of the House of Representatives of the legislature of his state and in his later political life was Secretary of the Navy and a United States Senator. His friendship for Mr. Cooke became quite ostentatious. With the warmth of heart which naturally characterized him the financier invited all with whom he came in contact to share his homes, and his kindly acts were always endearing others to him. The mansion he had build upon Gibraltar, the Lake Erie island, off the Ohio coast at Sandusky, was generously thrown open to guests and in the Chelten Hills, "The Cedars" being too small for such an entertainer, Mr. Cooke had planned and erected "Ogontz," a large house of the proportions of a castle. Chase, Fessenden, Sherman, Spinner, McCulloch, John A. Stewart, the New York Sub-Treasurer; Harrington and now Chandler—all the officers of the Treasury and the financial leaders in Congress were invited and reinvited to enjoy the bounties with which he had been blessed, as were all of his kindred to the last limits of consanguinity, his business associates, his agents in financial negotiations, his journalists as well as many humbler friends whatever their title to his regard.

Chandler was now commissioned by McCulloch to shape the report in answer to the Logan resolution. On April 23, 1868, he wrote to Jay Cooke:

I have just finished going over with the Secretary his answer to Logan's resolution. The figures are as follows:

[1] To J. C., March 24, 1868.

	Commissions.
Seven-thirties, July 17, 1861.....	36,109.10
Ten-forties	488,505.62
Five-twenties, June 30, 1864.....	45,437.50
Five-twenties, June 30, 1864.....	281,256.97
Seven-thirties, June 30, 1864 and March 3, 1865	4,993,845.45
Five-twenties, February 25, 1862.....	1,028,780.32
	$6,873,934.96

GOLD.

Sales.	Commissions.
$200,325,856.51	$293,782.00 (about)

The figures are much less than I supposed they would be. The answer to the resolution is to the point but shorter than I was inclined to make it. Still the record is a good one as you will see when it is in print.

"What becomes of the twenty millions said to have been made by Jay Cooke out of the government loans when the whole amount of commissions which have been paid only amount to seven millions, nine-tenths of which were paid to sub-agents," the banker asked in response to this showing. "I think people will begin to understand by and by that Jay Cooke and his firm didn't make money out of the government, but made money as they had a right to make it out of the prestige which their own successful efforts gave them." [1]

Meantime Logan, in wrath, in another resolution on April 20th demanded of the Secretary "immediate compliance" with the terms of the resolution of March 18th,[1] and on April 25th McCulloch's communication was

[1] To H. D. C., April 26, 1868.
[2] *Cong. Globe*, p. 2310.

received and sent to the government printing office.[1] The impeachment proceedings were now reaching a critical point and all other matters were pressed from the minds of the people and their Congressmen, so that the net result of Logan's angry campaign was a bill which passed the House on July 25, 1868, prohibiting "secret sales" of all kinds by the Secretary of the Treasury.[2]

Henry Cooke, in common with most other shrewd political observers, thought there was "little doubt that the President would be deposed and Wade put in his place." [3] Jay Cooke employed a newspaper man in attendance at the trial, L. L. Crounse, to keep him constantly informed by cipher telegraph as to the course of affairs in Washington and he was in possession of advices at the earliest possible moment. Upon Johnson's impeachment it was said that Wade would appoint George Opdyke Secretary of the Treasury,[4] and the name of George S. Boutwell of Massachusetts was also suggested. On May 2, 1868, Chandler wrote Jay Cooke: "We shall have Ben Wade in about next week." But the financier's prophets erred, although impeachment failed by but one vote, and a few months remained in which the rumor-mongers might speculate upon McCulloch's resignation or dismissal, and that sensitive officer could complain to Mr. Cooke about the behavior of the newspapers, as if they would now respond to his personal command as they all one time practically did. On May 4, 1868, in a personal letter to Mr. Cooke, McCulloch wrote: "You know some-

[1] *Globe*, p. 2331.
[2] *Ibid.*, p. 4468.
[3] To J. C., March 6, 1868.
[4] H. D. C. to J. C., April 15, 1868.

thing of the embarrasments which have surounded me during the past two years and can therefore believe me when I say that I am exceedingly anxious to be relieved from the cares and responsibilties of the Treasury Department."

Mr. Cooke intimated to McCulloch that his only course was "to go ahead and do what was right," utterly regardless of what the newspapers said about him.[1] "It is unfortunate," remarked Huntington, "that he has so little backbone and so little self-reliance."

One of McCulloch's ostensible reasons for continuing in his place at the head of the Treasury Department was his interest in Jay Cooke's great five per cent. consolidated loan. The agitation for the passage of this measure was continued, but unavailingly because of the factional dissensions in Congress.

An unsuccessful attempt was again put forth in the session of 1866–67. On January 19, 1867, Jay wrote to Henry Cooke:

I think that the bill as drawn up is admirable and ought to pass at once. What possible objection can Congress have to saving $4,000,000 per annum on the loans held abroad, thus securing the country from the influx of our bonds at the very critical period of resumption of specie payments. In the first section I observe that you call the bonds the "Consolidated Debt of the United States." You know the opposition which Governor Chase made to this idea. You must be sure and reconcile him before his opposition is manifested. My idea was to leave out any title by engrafting on the new the old idea of the ten-forties which might satisfy him, and we then could, after the bill is passed, adopt any title we prefer. Be sure and have no opposition so formidable from any quarter which may be prevented by having

[1] Hunt. to J. C., November 1, 1868.

GIBRALTAR ISLAND FROM THE LAKE

he bill made right at the beginning. I would like, however, to ave the present form enacted into a law, as it would help vastly n selling the bonds to have them so termed by law — the "Con-olidated Debt." I think such parties as the Chief Justice should ot interfere with the measures that are calculated to have so eneficial an effect upon the country.

It was always a painful matter to Jay Cooke to have t thought that the government whose bonds he had old in the fullest faith should in any way dishonor ts obligations, and his influence immediately after the var was of much positive value, as we have seen, in ombatting the doctrine of repudiation that strode about he country so shamelessly. With this good purpose n view he had published his pamphlet "How the Na-ional Debt may be a National Blessing." He was now nstant in all seasons in his attacks upon the notion that he bonds of the United States could be paid in any noney but gold. Many American and foreign investors ppealed to him for advice regarding the government ecurities which they had purchased of or through him, nd he was not in a mind to regard his work as done ntil all his promises had been fulfilled. Thomas Nel-on, the Scottish publisher, wrote Jay Cooke from Edin-urgh relating how loyal to the Union he and his firm ad been during the war, investing a half million dol-ars in its bonds. Mr. Cooke replied very kindly and atisfactorily, assuring him of the government's obli-ation to pay its debt in gold and advising an exchange f earlier for later issues, for which attention he was hanked in a most appreciative letter. Many others who rote him received similar advice.

"Gentleman George" Pendleton, "Ben" Butler,

"Thad" Stevens and many more were openly advocating the redemption of the five-twenty bonds in greenbacks. On February 26, 1868, resolutions were offered in the Assembly of New York State recommending this policy. They drew from Jay Cooke through his New York house a letter in part as follows:

Dear Sir:

We have your letter of 18th inclosing Mr. Balcom's resolutions. The sale of the first five-twenty loan was undertaken by our Mr. Jay Cooke at a time when the government had utterly failed to find a market for the bonds through the ordinary channels and the necessities of the Treasury were immediate and pressing. The bonds were offered directly to the people and sold to them at prices which could not possibly have been obtained but for the distinct understanding that they were payable principal and interest in coin. That this was the spirit and intent of the authorizing act it is only necessary to refer to the sinking fund clause (Sec. 5, act Feb. 25, 1862) which specifically appropriates the coin duties on imports to, first, payment of interest on public debt; second, to a sinking fund for the payment of the principal. All of the funded debt of the United States that has heretofore matured has been paid in coin, notwithstanding the fact that the authorizing acts did not so specify in words, and three such loans have matured and been paid in coin since the issue of the 5–20s of 1862.

. . . . . .

It is not generally known how large a proportion of the securities of the United States are held by people of moderate means for the investment of their savings. We have not at hand the precise figures of the denominations in which the several series of the five-twenties were issued, but the following statement shows the number of notes of each denomination embraced in the issue of the seven-thirty Treasury notes which are now being converted into five-twenty bonds. In these conversions the Treasury has never been able to supply enough small bonds adequately to meet the demand:

962,580	50s	$48,129,000
1,474,940	100s	147,494,000
439,792	500s	219,896,000
370,376	1000s	370,376,000
8,821	5000s	44,105,000
3,256,509		$830,000,000

These figures will give an approximate idea of the amount in which all of the 5–20 bonds of the government are now held. They show that one-half of the loan in amount was taken in 50s, 100s and 500s, and further that as 2,877,312 pieces of these three denominations were issued, against 379,197 pieces of the large denomination, the capitalists are in a very small minority, and any legislation repudiating in whole or in part the obligation of the bonds of the government would fall most severely upon widows, orphans and people of small capital who invested their money in those securities in perfect reliance upon the representations made to the Treasury Department directly and through its agents at the time of their issue.

John Sherman had now entered upon a policy of vacillation which so often distinguished his later financial career. The Finance Committee reported a bill to the Senate in the winter of 1868, substantially the Cooke-Sherman five per cent. funding bill of the preceding Congress. It proposed a blanket issue of ten-forty bonds to cover all outstanding indebtedness bearing a higher rate of interest, but intimated that if the exchange of the old for the new security were not made the holder would be paid in paper money. An allowance of one per cent. was authorized "for preparing, issuing and disposing" of them. An unsigned circular was again placed upon the desks of Senators and Representatives protesting against this provision, and caused Sherman to rise in his place to explain that in the sale of the new

bonds the government would employ no agencies outside of those regularly established under the Treasury Department.[1] On February 27th Sherman made a long speech upon the bill in which, amid much protest and interruption, he plainly asserted the right to redeem the five-twenty bonds in greenbacks. "I say," the Ohio Senator declared, "that equity and justice are amply satisfied if we redeem these bonds at the end of the five years in the same kind of money of the same intrinsic value it bore at the time they were issued." [2]

Thus did Jay Cooke's hitherto reliable lieutenant almost completely surrender to the greenbackers. Henry Cooke said he saw more of "these men" than his brother and in the politician-spirit seemed to favor Sherman's course.[3] "You have no idea," he wrote again, "how strong the popular pressure is from the West. Garfield

[1] *Globe*, 1868, p. 434.

[2] *Globe, Appendix*, 1868, p. 184.

"Mr. Sherman invited me to Washington for a conference with him. I accepted. At his request I spent an entire evening at his house until one o'clock. His line of appeal was this: Our bonds do not state that they shall be paid in gold. That is no part of the contract. Our soldiers and sailors who shed their blood and saved the Union were paid with greenbacks. Pensions to them and their widows are payable with greenbacks. Our farmers and manufacturers who furnished materials for carrying on the war were paid with greenbacks. All our people are compelled by law to accept greenbacks in payment of any debt not specifically contracted to be paid otherwise. Why then should the money lenders, largely foreign Jews, who bought our bonds at a cutthroat discount during the war be singled out from all other creditors and be paid par in gold? Mr. Sherman said: 'This logic has captured the people. Even if erroneous it is sweeping the country. When the issue comes the Democrats will go into power and will carry out the change. They are sure to go further than safety warrants and financial panic and disaster are sure to result, etc., etc."—General A. B. Nettleton, who was then the editor of the Sandusky *Register*, an influential paper, in Sherman's own district, to the author, September 2, 1906.

[3] H. D. C. to J. C., March 2, 1868.

is the only member of the entire Ohio delegation who would vote aye on a square proposition that the bonds should be paid in gold and he says that it would defeat him for re-election." [1]

Jay Cooke himself entertained no such sentiments and was particularly careful to disclaim all sympathy with the movement because Sherman had earlier been known as his mouthpiece in the Senate. The giant in him was now fully aroused. He was no politician; he never trimmed. On December 21, 1867, he wrote his brother Henry: "No man can stand in this country who throws the slightest discredit upon the national faith and honor. I shall ever insist that the pledge in my advertisements and the advertisements of my agents was equivalent in equity and honor to any of the loan laws and Senators and Representatives who deny this are dishonest to my mind."

And speaking directly to the Sherman funding bill Mr. Cooke wrote on March 3, 1868:

> I feel that there is no necessity for pandering to any such repudiating ideas, and I do not credit the belief that any considerable number of the people, even out west, deliberately desire to violate the plighted faith of the nation. I hope you will let my letter to Sherman go in at once. It may do him good. Any party who would attempt to use the fears of the people to force them to change a six per cent. bond for a five per cent. will fail and bring discredit upon himself, and I would not for the world have anything to do with the negotiation of any such business. If we have anything to do with such matters they must be open and above board, and only the merits of the loan used as an argument and not the fears of the people. There is not the thousandth chance of the passage of such a bill by Sherman, and

[1] H. D. C. to J. C., March 14, 1868.

the sooner he changes his tactics the better. He will be ruined and all will be ruined politically and financially who attempt any such efforts, or yield to any such clamor on the part of repudiators. For one I will have nothing to do with any such foul schemes.

Sherman at once replied to Mr. Cooke as follows:

UNITED STATES SENATE CHAMBER.
WASHINGTON, March 4, 1868.

Dear Sir:

Your letter of March 2nd was handed me last evening by Harry. I am not surprised at the view you take of the 5–20's, for I know that you thought them payable in coin, but after the most careful and conscientious examination of the whole question I am convinced that a fair construction of the laws under which they were issued gives to the United States the right to redeem in the money in existence when they were issued. I need not repeat the argument, for my speech will fully state my views. If, as you seem to think, public opinion holds you responsible for my conclusions, you ought to hasten to correct it. Our old acquaintance and my firm conviction of your integrity, capacity and great public service as loan agent give to your opinion much weight with me, but cannot overrule my deliberate conviction upon a matter in which I have the responsibility, and which I have carefully examined, and I will cheerfully certify that you are not responsible for my opinion. It is impossible for me *legally* to draw a distinction between the principal of the 5–20 and any other maturing debt issued or contracted since the legal tender act.

While this is my opinion upon the legal question, I do not wish to raise it now, nor did I. It is forced upon us and I would gladly aid either by the return to specie payments or by the exchange of new bonds, or by the purchase in open market at current rates of the 5–20's, to avoid deciding a question that in the minds of just men which ever way decided would affect the public credit. You advise me at once to range myself on the side of those who desire to maintain the faith of the nation. I

think I have always been there. I will neither violate the faith of the nation nor put upon the nation a burden not demanded by the loan nor founded upon equity or justice. Upon the legal question I have no doubt whatever; upon the equitable question I submit to you, is it equitable that the holder of these bonds shall now refuse to receive the identical money in payment which he gave for the bonds? And is it fair and equitable for him alone of all other creditors to demand gold in a contract made in paper and upon the express stipulation in the law that this identical paper shall be a lawful tender in payment of all debts, public and private? Each person must decide this for himself. Acting for the people at large and against my personal interest I say this is neither a legal right nor a moral obligation.

After all it is not necessary for us to dispute this question, for if the bill effects the objects we both desire it will avoid the decision of this question and is the only way to adjust it.

Very truly yours,

JOHN SHERMAN.

Jay Cooke, Esq.

"I had no idea that Sherman was so fully committed to the miserable policy of repudiation," wrote Jay to Henry Cooke on March 5th after receiving this letter from the Senator. Told of Garfield's course in resisting the greenback heresy, possibly at the cost of his seat, Mr. Cooke wrote: "When you see Garfield shake hands with him for me and tell him that he is a noble fellow, and that he can well afford to be beaten on such pure principles." [1]

That there should be no possible misunderstanding as to his position upon such an issue Mr. Cooke presented his views very fully and conclusively in a letter to the

[1] The funding bill was discussed throughout the session and was used as a campaign document on the money question being amended out of all resemblance to its original self and passed in the last hours in July, failing to become a law for lack of President Johnson's signature.

Philadelphia *Inquirer,* published in that journal on March 21, 1868, as follows:

Sir:

I have been frequently asked of late, by my former agents and the public press, for a full and circumstantial explanation of the grounds upon which the promise to pay the interest and principal of the 5–20 loan in gold was based and the extent to which the faith of the nation was plighted. I consider the agitation of this subject, namely, the payment of our 5–20 bonds in anything but gold, as an unnecessary and injurious attack upon the public credit. No possible good can come from it. Much injury to the credit not only of the nation but the whole business community must ensue from the bare discussion of such a question. It is useless, because unless we are prepared to expand the greenback currency, the Treasury is not in funds to avail of its option *if it were right to do so.* It is suicidal and foolish to thus damage our credit by attempting to force a construction of the loan laws never contemplated by those who framed them, by those who executed them, nor by those who invested under their provisions.

I have not hesitated to remonstrate with Senator Sherman and others who take the "greenback" view of this question, and now I call upon you and all the press of the land of all shades and parties to stand by the right in this matter.

If the several Secretaries of the Treasury, the General Agent and the Sub-Agents are responsible for a "gross deception" of the people, you, gentlemen of the press, are equally responsible; for, without your noble aid and untiring efforts, the public would never have responded with such an outpouring of means. You disseminated, in thousands of editorials, the statement that the funded debt (the 5–20 and other loans) were, principal and interest, payable in coin. You did it honestly, and so did I.

In a recent letter to Senator Sherman I argued as follows:— That it should be considered a *legal fact* that the 5–20's are payable, principal and interest, in gold.

Because, Nothing is said to the contrary in the law creating the loan.

Because, The custom of all other nations, as well as our own, has always been to pay a funded debt in coin only.

Because, The debate at the time the loan law was passed revealed distinctly the mind of Congress. The Chairman of the Committee of Ways and Means himself distinctly stated, at the time the bill was pending, that the bonds were, principal and interest, payable in gold.

Because, A provision was inserted in the bill for a sinking fund, *in coin,* to be annually applied to the purchase or payment of the bonds.

Because, The Secretaries of the Treasury have all uniformly declared that the bonds would be paid in gold.

Because, The bonds were sold to the people by the authorized agent of the government on the strength and contract of this declaration.

Because, This interpretation of the law was accepted by the whole country. Congress, including Senator Sherman, stood by while the Treasury Department was thus, year after year, promising to pay principal and interest in gold, without giving a single note of warning of any intention to repudiate the contract in after years.

Because, When the Chairman of the Committee of Ways and Means, to the retarding and sad injury of the negotiation of the loan then going on, rose in his seat, during one of the darkest periods of the war, and proposed his individual motion, that hereafter the principal and interest of the loan should be paid in legal tender currency; his motion was speedily and promptly suppressed, but not until it had done great damage to the public credit, the indications unmistakably showing that upon any other than a gold basis it would be impossible to sell bonds.

Because, It is a fixed and settled legal, as well as moral, principle that the principal is bound by all acts of a recognized agent, and legal gentlemen and Senators may as well argue to the winds as attempt to tell the loyal people of this nation who furnished the money in exchange for these bonds, that Congress is not bound by the promises of its agents. If a clerk or agent, year after year, transacts business openly to the satisfaction of his

principal, making sales, purchases and contracts in the name of that principal, while he looks on approvingly and sanctions in innumerable cases the agent's acts, they are of course not only morally but legally binding upon the principal, although the clerk or agent may never have had written or even verbal authority to show that his principal is bound by what he has properly done in the regular course of clerkship or agency.

I think I have written enough to satisfy the bondholders that there are reasons, and good ones, too, why they need not fear the success of any plan to defraud them of their just rights. I think, however, that I may say further that any man, or any party, advocating such a shallow and dishonest scheme of repudiation as would be the payment of the 5–20 loan in greenbacks, will be almost entirely unsupported by the mass of the people, including not only the intelligent educated men of all professions, occupations and parties, but the great mass of honest yeomen — the tillers of the soil. The people who, through long years of terrible war, maintained the honor and integrity of the nation cannot possibly now consent to tarnish their fair fame, or to lower our standard of honorable financial credit, or to make this nation an example of bad faith before the world.

As I have above referred to Senator Sherman's position in this controversy, I deem it just to that distinguished gentleman, whose position and record during the war have been the subject of universal admiration, to say that while he honestly believes the law, strictly interpreted, gives the government the *right* to pay the bonds in greenbacks at the maturity of the five-year option, yet in a recent letter he declares that "while this is my opinion on a legal question, I do not wish to raise it, nor did I. It is forced upon us; and I would gladly aid, either by a return to specie payments or by an exchange of new bonds, or by the purchase in open market, at current rates, of 5–20's, to avoid deciding a question that in the minds of just men, which ever way decided, would affect the public credit."

Mr. Sherman further argues that there would be no injustice in the bondholders receiving "the identical money they gave for the bonds." I think there is injustice and wrong in the proposi-

ion; for, the bondholders bargained for a 20-year bond, paya-
le in gold, and not to be paid off sooner, unless in gold.

Further: By way of illustration. Suppose a man having
2000, gold, sold it during the war for a premium of 50 per
ent., realizing $3000 in legal tenders. This he invested in
3000 5–20's. Now, under the operation of the scheme of re-
ayment in greenbacks, gold runs up to 500 per cent. premium.
He takes his greenbacks, $3000, for his bonds and reinvests in
old, but finds, instead of his original $2000, which he honestly
isked on the fate of his country, he now has but $500. That
his would be a fair estimate of the result to this bondholder,
o one can doubt who has read the history of all irredeemable
nd excessive issues of currency in every age. If the scheme
ere at all *possible or just and proper* strict justice would re-
uire that an account should be taken from each subscriber of
he premium on gold on the day and hour he made his purchase
f bonds, and then he should be permitted to purchase from the
ublic treasury an amount equal to the original sum in hand,
s the proceeds of his bonds at this date. Have the advocates
f these "greenback" measures reflected on the wide-spread
uin that would follow the success of their efforts — ruin to
ested interests, to widows, orphans, the poor, the unprotected
nd ignorant all over the land?

It is common for public speakers who advocate the violation
f the nation's faith by insisting on local taxation of bonds, their
ayment in greenbacks, etc., to designate the bondholders as
rich," as "privileged," etc., and also to stir up the West against
he East because of the presumption that the East holds an
ndue proportion of the public debt. All this is mere demagog-
m and willful perversion of truth. With the exception of
anks and savings institutions, there are not many large holders
f government bonds, the great bulk being held by the people,
ot the capitalists.

Out of three million subscribers to our various public loans,
ver nine-tenths are of the class called *the people*. The West
ook $320,000,000 of the $830,000,000 7–30 loans, and, I doubt
ot, holds a large portion of it now, and this is as large a pro-

portion as could be expected from a new and enterprising region, where money always commands higher rates than at the seaboard. Ohio alone took over $90,000,000, and Illinois over $70,000,000. The West was also a large taker of the 5–20 and other loans. I can substantiate these facts, for I have taken the trouble to analyze each days' subscriptions with the above result.

Again, how can the bondholders be considered a privileged class? During the entire sale of these bonds, they were offered freely, at par, to any one. Even the owner of but $50 was not excluded, but hundreds of thousands of these small investors came forward in all parts of the land and were gladly welcomed. The small premium to which our bonds have advanced is no impediment in the way of any who really wish to obtain them, and even now the daily demand from this class of investors is far greater than that of any other class.

What becomes, then, of the assertion that the man who holds government bonds is a *privileged person?* Cannot any man who has a horse, a cow, a town lot, a few surplus bushels of corn or wheat, or any article of exchangeable value, or even his labor, obtain these bonds by simply parting with his goods, produce, property or labor, and with the proceeds thereof purchase an interest in the public funds? If he groans under the taxation of his town lots or surplus lands, let him sell them and invest the proceeds in this "favored" security. The truth is, that a large portion of those who thus argue against the exemption of the bonds from state and local taxation, are either ignorant of the truth of the matter, or were afraid, during the war, and are now, of risking their means by an investment in public stocks. They have no confidence in the bonds, and hate the loyal holders of them as they hated the war and all things growing out of it. We all are witnesses to the fact that investments in real estate, made at the commencement of the war, have, in many localities, advanced in value from one hundred to three hundred per cent. Especially is this so in cities, towns and villages. Investments in real estate at the commencement of the war have paid much better than investments in government bonds. Yet this clamor for the taxation of the bonds for local purposes, mostly comes

rom the class of the community who have gained largely from dvances in the value of real estate.

The present funding bill, as introduced by the Chairman of he Finance Committee of the Senate, contains some very objec- ionable provisions, the chief of which is that legislating for the ompulsory conversions of 5–20's into any new loan that may be rovided. No greater hindrance than this could be placed in the vay of the speedy conversion of this loan into the proposed con- olidated debt; and I regret very much that the new bill contains ny such provisions. I share with Mr. Sherman in regretting hat the bill introduced two years ago was not successfully ressed to a passage. His own words are, "My own convic- ion is, that two years ago this question ought to have been set- led," for if the plan suggested at that time had been promptly dopted, the larger portion of our indebtedness would have been y this time funded into a 5 per cent. loan, and the Treasury nd banks would have resumed specie payments by the 1st of uly, 1867.

There can be no question that the above happy results would ave followed the prompt passage and execution of such an act; nd also, that the present propositions to tax the government onds, to pay them off in greenbacks, etc., would not have been nought of. Many beneficial results would have followed the doption of the original bill two years since, namely, the saving f about $20,000,000 of interest per annum, the wider dissemina- on of the loan among the masses, and the removal of the debt rom its present injurious competition with railroad, mercantile, ining, manufacturing and all the other vital interests of the ountry; for, when specie payments had once been resumed, and he 5 per cent. interest received by the bondholder was worth no ore than the 5 per cent. interest received from a mortgage or ther sources of income, it is manifest that there would be bet- r opportunities for our struggling railroads and manufactur- g and other interests to borrow money from the banks and apitalists. For these reasons I urged the necessity of the rompt funding of the debt, and return to specie payments; and now deeply regret that, at the risk of still further attacks upon

my personal motives, I did not then use greater exertion to secure the adoption of these plans.

In October, 1865, I was requested by Mr. McCulloch to present to him in writing my views on the funding of the public debt, the resumption of specie payment, etc., etc. I did so, and at the same time submitted these views to Senators Fessenden, Sherman and others. Mr. McCulloch had many and able advisers, but his views in the main coincided with mine, and when the time for action arrived Senator Sherman prepared and introduced a bill satisfactory to the Secretary. This bill was opposed from unexpected quarters, and the Senator, after modifying it greatly, deemed it best to postpone it, owing to the increasing excitement in political matters.

I have no doubt that the people, the masses, are fully able to absorb all our debt. Of course a portion will always be held by banks, and another portion abroad, but even the eight or nine hundred millions thus held would be quickly absorbed by the people of our growing and prosperous land, if they had the option to take it. I believe also that the rate of five per cent., free from taxation, would be perfectly satisfactory, but at present and within the next ten years, no lower rate of interest than this will fix the loan permanently in the hands of that class of people who ought to hold it, as it would be the most safe and legitimate investment for widows, orphans, trusts, estates, mechanics, farmers, saving funds, etc., etc. Being guaranteed by us all, the rate would be a fair return, and much better for this class of investors than a larger rate derived from greater risks, which latter ought only to be taken by the capitalists and active business men of the country.

From the best sources of information I have the impression that our country contains at least two hundred and fifty millions more gold and silver coin and bullion than we had at the beginning of 1861, and I believe all that is wanted now to insure speedy and safe resumption after the completion of the funding of the 7–30's is to fix the day.

If thought more prudent to provide for contingencies by arranging for a temporary foreign loan, or by authorizing the

Treasury to pay interest on deposits of gold, either of these plans would provide all that would be required. The question of resuming specie payments is to my mind very simple, and than the present there is no more favorable time for fixing the day, say twelve or eighteen months ahead. When this desirable object shall be accomplished, the payment in gold of the original 5–20 loan can be commenced by providing from the sales of a new consolidated five per cent. funding loan all that may be needed. It will not be necessary to provide for the whole $514,000,000 at once. The loan was issued in series of about $100,000,000 each, called first, second, third, fourth series, etc. The holders of the first series can be first notified and paid off. The chances are that very few holders would desire payment, but that all or nearly all would voluntarily fund into the new and longer 5 per cent. bonds. This would especially be the case if the new loan should be so popularized that there would be a competition for it, a new class of purchasers taking all that was not promptly absorbed by the holders of the old loan. I believe that not $50,000,000 of gold would be called for in making the whole payment and exchange of the $514,000,000. The same process could be applied to the other issues of 5–20's as fast as the government option matured. How sad then, in view of the very simplicity of the solution of this whole subject, that prominent men all over the country should endeavor to make a political question of it; and saddest of all, that any of those who sustained the cause of the country, and upheld its credit during the dark years of the Rebellion, should now give the weight of their position or character to any of these "greenback" schemes.

At the close of the first 5–20 loan, I ventured to predict that no other 6 per cent. gold loan would be offered at par by the government. Up to this hour the prediction has been verified, and I am equally confident that no such breach of faith as would be involved by the payment of the 5–20 loan in greenbacks will ever occur.

I regard the agitation, originally, of this proposition, as the work of those who opposed the war and all measures for the preservation of the national credit and existence. On the ap-

proach of a Presidential election they have, for want of better and more patriotic capital, availed themselves of the temporary embarrassments of portions of the country, to stir up an ignorant opposition to the public credit. Perhaps the country must submit, through the pending canvass, to postpone all attempts to remodel the finances; but I am positive, that so soon as the Presidential election is over, this question will no longer be postponed, but plans will be inaugurated that will not only fully maintain the national faith and credit, but greatly reduce the present burden of the debt.

I am glad to observe unmistakable signs of the abandonment, by both political parties, of any intention to press this "greenback" question; the recent political conventions in various States having avoided any explicit declaration of opinion on this subject. The recent Republican State Convention in Philadelphia, more particularly, nobly reasserted the inviolability of all contracts between the government and bondholders, and Governor Seymour, before the New York Democratic Convention, unmistakably maintained and insisted upon the payment of the 5–20 bonds, principal and interest, in coin.

I make no apology for thus, once more, intruding upon public notice. I do not wish my position misunderstood. I naturally feel a great responsibility, and as my fellow-citizens deem it right that I should not hesitate to express my views in the matter, I have done so.

Before closing I wish to correct a misstatement originally made by General Butler, and repeated by Mr. Pendleton in his Milwaukee speech. Both gentlemen assert that I advertised, as general agent, the 10–40 loan as the only loan of the government, the principal and interest of which were payable in coin. This is a double error. I never was the special agent of the government for the sale of the 10–40 loan; and the advertisement of the firm of Jay Cooke and Company was only to this effect:— That the 10–40 loan was *then* the only loan of the government *to be had at par*, the principal and interest of which were payable in gold. *Had* I been the special agent for the sale of the 10–40's, I am confident that it would have been made so great a success

hat the government would not thereafter have paid a greater nterest than five per cent. on any of its loans. I believe, also, hat if this loan had been managed properly, and by one agent, hat an abundance of funds could have been provided at all times, nd thereby many hundreds of millions would have been saved o the government, which were lost by reason of increased prices harged by contractors and others to compensate for delay in ayment of their accounts for supplies, etc.

I believe, further, that the war would have been ended in 864, had not the enemy been perfectly aware of the then totter- ng condition of our finances; but the clamor against the agency ystem, and base and false insinuations and accusations were hen made, which induced the Secretary to try the negotiation f the 10–40 loan through the efforts of the Treasury alone, which, of course, resulted in failure. This same clamor and bjection sprang up again when Mr. Sherman introduced the irst funding bill. Yielding to it has cost this nation, in both nstances, more treasure than can be estimated, besides a large ortion of the distress and trouble always consequent upon such naction and delay.

Most respectfully, your fellow-citizen,

March 19, 1868. JAY COOKE.

This letter was afterward reprinted as a pamphlet and generally distributed. "It is sound, able and timely," said McCulloch, and the financier of the Civil War was heartily congratulated on many sides for his fearless course.

Jay Cooke was also the devoted and untiring defender of the national banking system which he had done so much to establish and organize. So complete had been its success, although obstacles which appeared insur- mountable were at first thrown in its way, that Henry Cooke wrote his brother on November 5, 1866: "Don't send down any more bonds for deposit for national bank circulation. The limit has been reached and the Comp-

troller will receive no more. We were very nearly being barred out with a lot you sent us a day or two ago for the City National, Philadelphia. . . . These are positively the last we can get in, for the whole 300 millions are absolutely taken up. To look back only about three years what a triumph this is for the national banking system!"

In the prevailing wave of intellectual and moral disorder following the war this system was not to escape. Samuel J. Randall of Pennsylvania took up the cause of the anti-capitalist element to the extent of offering a resolution, requesting the Secretary of the Treasury to withdraw public money from the national banks in cities in which there were sub-treasuries and deposit it with them.[1] Mr. Cooke protested against this action and Secretary McCulloch replied as follows:

The resolution to which you refer passed the House of Representatives by a very decided vote, fifteen members only voting in the negative. There is, I apprehend, no good reason why the funds of the government should be deposited with national banks and used by them in cities where we have Assistant Treasurers. I therefore approve of the resolution and only hesitate to carry it into effect from the apprehension that our Assistant Treasurers might not be able to do the additional work that would be thus devolved upon them.

I shall of course stand by the national banking system, but in order to sustain it we must not ask for the national banks more than a just public opinion would give them. In order to sustain the banks we must be able to satisfy Congress and the public that we are not doing injustice to the government in making deposits with them. It is undoubtedly the case that the national banks in our large cities do very much by the use of government funds towards keeping up speculation and inflation. I

[1] *Globe*, 1867, p. 657.

"GIBRALTAR"

have no question that a very large majority of the business men of the country would approve our action if we should take from them the government deposits.[1]

While on his summer visits to Gibraltar Mr. Cooke had met Colonel A. B. Nettleton. Coming out of the army Nettleton studied law and in 1866 purchased a half interest in the Sandusky *Register*, Henry Cooke's old paper, editing it for two and a half years. While on a visit to his island home in Lake Erie in the autumn of 1867 Mr. Cooke discussed with him the national banking system and the attempts then being so determinedly made to overthrow it. The result was a letter to the editor of the *Register*, which Mr. Cooke inspired, partly dictated and signed. It was published in the Sandusky paper on October 19th. Filling five columns, it was telegraphed and "slipped" to other journals in all parts of the country and issued finally as a pamphlet, exercising a powerful influence to allay the excitement against the banks. "It was so packed with facts from the only man who could marshal them effectively from personal knowledge, that it proved a potent and principal factor in the work of turning back the assault." [2]

"Your letter is the town talk," wrote Henry Cooke from Washington on October 25, 1867, "and if I were to tell you all the flattering things that were said of it you might think I was exaggerating." In New York the *Tribune* and *Times* warmly favored it; the *World* and the *Herald* [3] as savagely attacked the author and his

[1] McCulloch to J. C., July 31, 1867.

[2] General Nettleton to the author, November 4, 1905.

[3] "The national banks are a gigantic monoply," said the *Herald* on October 24, 1867, in a long leader attacking Jay Cooke's letter which it had reprinted the previous day. "They are dangerous, in spite of Jay

doctrine. Indeed it was generally condemned, according to expectation, by all the Democratic newspapers.[1]

This letter took the form of a reply to five questions presumably propounded to Mr. Cooke by A. H. Moss and L. S. Hubbard, the presidents of the First and Second National Banks of Sandusky, respectively:

I. What was the origin of the national banking system?

II. What is the character of the national bank currency?

III. What is your reply to those who claim that the government should save the $18,000,000 a year represented by the United States bonds upon which the value of the bank notes are based by substituting the latter with greenbacks?

IV. What is the present position of the national banks?

V. How and wherein is the system superior to the old United States or the State Bank system?

VI. Why should the national banking system be perpetuated?

Mr. Cooke, answering the first query, gave a full and succinct history of the national banking system, with an account of the evil system which it replaced. "It swept from existence a currency which was at once mongrel in appearance, unstable in value, and with few excep-

Cooke's assertion to the contrary. There can be no doubt that Mr. Chase confidently looks to them as a grand political machine. . . . In them a great moneyed oligarchy has been created, which in the end would make the rich richer and the poor poorer and reduce the mass of the population to the condition of European pauperism. Yet we are told by the same Jay Cooke, who said a national debt was a national blessing, that the national bank system is most excellent and beautiful in every way."

[1] "Your letter was able, unanswerable and timely. . . . I very much regret that the organization in the interest of the banks of which you spoke to me a year ago has not been quietly effected ready for action. The banks need to bestir themselves to avoid hostile legislation and yet any organization effected now would be heralded, and would perhaps do more harm than good. This universal suffrage country will never see the end of attempts of demagogues to excite the poor against the rich, labor against capital, and all who haven't money against the banks who have it."—W. E. Chandler to Jay Cooke, December 2, 1867.

tions insecure in character, and substituted therefor a currency uniform in feature, everywhere equal in worth and safe as the republic itself." Mr. Cooke, for expediency's sake, omitted references to Mr. Chase and modestly withheld allusion to himself as one of the authors of the system.

On the subject of the character of the national bank currency the financier made a further statement of its advantages and recited an anecdote in the German dialect of which he was so fond in writing, as in conversation when he wished to illustrate an important point. This German was a Mr. Schmidt, who came to J. W. Weir's Harrisburg bank, of which he was a stockholder, to draw out $2,000 paid to him in greenbacks. He handed them back, saying that he preferred the bank notes. After very sagely reciting all the advantages of these latter in his amusing broken dialect, the German farmer continues:

"Vell, I finds all dis ish true, Mr. Veir, and someting more besides. I finds dat efery stockholder in dis pank ish liable for de notes and debts of de pank to twice de amount der stock. Und den I pegins to open mine eyes for I ish a stockholder myself, und I find my farm ish mortgaged to pay de bills of dis pank. Den I knows most de udder stockholders of dis pank und dey ish goot solid men mit proberty. So you see, Mr. Veir, dat pefore my nashnal pank notes can go proke de government ponds mit ten ber cent. margin must git wort noting at all; de United States government must git pankrupt und pe a scoundrel too; de proberty of de pank must all pe lost und de proberty of all dese stockholders must be used up. Dat, Mr. Veir, ish vy I calls de nashnal pank notes de pesht."

Cooke boldly and very effectively combatted the contention that $18,000,000 would be saved by sweeping

away the national bank circulation and issuing greenbacks in its stead. His position on the money question could not be mistaken after this plain declaration of his views: "I regard the issue by the government of legal tender notes, to be used as a circulating medium, as an anomaly in finance. It was purely a war measure, justifiable because necessary to the life of the nation, and, like other war measures, should end with the return of prosperous peace. It is not desirable that the greenbacks be immediately or suddenly withdrawn, but they should be gradually and surely replaced with a currency which is legitimate and permanent." It were better, said he, to pay eighteen millions annually than "to have the greenback system permanently fastened upon the country."

He declared that the national banks were "totally non-political in their organization and tendencies." It is "simply impossible for any political or party movement to be organized in, through or by the national banks." Mr. Cooke concluded the letter:

"If the reasons I have given above shall in any way conduce to the withdrawal of the subject from the arena of party strife, help to strengthen the confidence of the friends of the system and to gain over to it the good will of the masses who are so deeply interested in its perpetuation, I shall be gratified at this opportunity of expressing my views." [1]

Jay Cooke's aid was actively sought in the campaign of 1868, when money was coming to be used in elections on a scale not earlier known in this country. His wealth made his connection with a political movement

[1] Phila. *Inquirer*, Oct. 24, 1867, and other eastern newspapers on or about the same date.

of great importance and at a caucus of Republican Senators and Representatives in 1866 in Washington he was chosen treasurer of the "Union Congressional Committee.[1] He was strongly urged by Judge W. D. Kelley, of Philadelphia, who was prominently identified with the movement to accept the office, but he was able to escape this alliance without giving offense to his friends, and William S. Huntington, the cashier of his Washington bank, was put forward for the place.

The friendship of the Chases and Cookes continued pleasantly. Indeed it seems now to have been cultivated by Mr. Chase, for whom the Chief Justiceship did not bring content. Jay Cooke continued to be the banker for the "Governor," for by this title he was still known to his Ohio friends. He relied upon the financier for the investment of money, the collection of interest and for temporary loans. He was interested in a number of Cooke's and Moorhead's industrial companies, and now that he was no longer Secretary of the Treasury his protests against their substantial favors usually reflected a less troublesome conscience. He had once or twice early in his career as Secretary of the Treasury intimated—it may be thought jocularly—a willingness to leave his office to enter Mr. Cooke's firm. He had suggested himself as a possible president of the Washington Street Railroad Company, when Mr. Cooke organized that corporation, again it may be in jest; but he certainly was in earnest when a year after his appointment as Chief Justice of the United States he proposed a partnership in the banking business. If it be so it is certainly a remarkable episode in the history of

[1] H. D. C. to J. C., February 27, 1866.

the American Supreme Court. On December 26, 1865, Chase wrote to Jay Cooke:

How would it do to sell $20,000 of my bonds in your hands and put the money as capital into your firm? I rather think I should like to be a sleeping partner of yours now that I am no longer Secretary. I see nothing disagreeable about it except the fact that I can render very little service beyond the small capital contributed which you don't want. If you don't think well of this you must continue to be my factor and do the best you can for me with my means under your control. You have full power to raise money on my bonds, and I do not wish you to incur any risk or expense yourself. Your friendly services are all I want, except perhaps I may desire to borrow enough of you some time next year to buy a house. If I were a general now!

Mr. Cooke in reply suggested that the Chief Justice go to London, to establish an English branch of the firm, and on December 28th Chase said on this point:

If I were a little younger I would go to London at once, but I have passed the time for that. You must have overlooked my limitation of the partnership idea to sleeping partnership. I have no notion of keeping so wide awake as London would require, or indeed of keeping awake at all except so far as it might be needed to help here [in Washington], and perhaps occasionally elsewhere. . . . If I could make or save enough to buy a good house and pay off the balances against me, now not very large, with your firm here and in Philadelphia, I believe I should feel as well as if I had a million or millions.

The lures of the Presidency were still strong even in the Chief Justice's office, where it was believed by some that Mr. Lincoln had placed Chase to prevent him from realizing his great ambition. At no time were his friends allowed to forget his expectations. He told John Russell Young that he had been "harder" on Cooke

than Fessenden and McCulloch had ever been, and took a good deal of credit to himself for his course, while at the same time rather oddly expecting the Philadephia banker to provide the funds which would make him President in 1868. But the Chase legend in all branches of the Cooke family was still strongly held. His statesmanlike qualities were undoubted, and they were honestly admired, all of Jay Cooke's relations, friends and business associates being brought to believe that he was the leading mind of the period in American public life. Friendly visits and kindly letters were frequently exchanged by Mr. Cooke and Mr. Chase and the members of their families. On January 9, 1866, Chase wrote:

I think I have a good deal of executive faculty and often wish I were in some more active employment than hearing causes which take my whole time and leave me hardly a moment even for a note to you. But it seems as if Providence has pointed out my path and I must try to follow it cheerfully and faithfully. I am greatly favored in having a friend like yourself who, without any embarrassment or loss to himself, can employ my small means so as to make them more productive than I could myself.

On August 24, 1866, Chase again wrote to Jay Cooke, from Providence:

I shall try to stop a day or two in Philadelphia. I should like to meet the Union men of the South there, on the 3d, but perhaps the howl which knaves and fools would raise over the fact of my attendance would do more harm than good.[1] The possible political and financial future of our country looks very bright to me, but what is possible may not be realized.

[1] A national convention of Federal office holders, derisively called the "Bread and Butter Brigade."

Alluding to a picture of the Chief Justice which Mr. Cooke desired to enlarge from a photograph Chase wrote on September 14, 1866, characteristically:

If you have one of me at all it ought to be the work of a first-class painter, worthy of a place in your mansion and honorable to yourself, not merely as the friend of one who has rendered some service to the country, and, I venture to think, to the world, but as a friend also and patron of art.

On August 7, 1867, Mr. Chase wrote:

You see, I suppose, the infamous paragraph alleging that I made myself rich out of the Treasury Department. This is rather hard, seeing that I never made a cent out of any operation or transaction connected with the Department, but virtually served the public for nothing, as my salary only paid my expenses. It seems to me that with your extensive connection with the press you might make these rascally inventions react on the inventors. The American people are generous, and attempts to lie a man, who has faithfully served them, out of their confidence and affection will, if the matter is only properly exposed and denounced, increase their good will and determine them to vindicate him against the slanderers.

Three days later, on August 10, 1867, Chase wrote at the foot of a friendly business letter:

A good name and the consciousness of having done faithful and useful service to my country was all that I expected or desired from my public labors. The latter can't be taken from me; I will not believe that bad men will be allowed to deprive me of the other.

Mr. Cooke exerted himself to improve the tone of the newspapers, but Mr. Chase was still displeased. On August 16th he wrote:

The article in the *World* is in an excellent spirit and not far from correct. But I don't want to be represented as particu-

larly poor. . . . I think I am worth now about $100,000. I should at any rate be quite willing to take that sum in 5–20s and make a clean conveyance of all I have in the world to anybody who will pay my debts. I would willingly be worth a great deal more, if I knew an honest way to get worth more. All that the people are interested to know is that I haven't a cent which of right belongs to them. I didn't serve them to make money out of them, but to save money for them, and I really feel that the rascals who are slandering me ought to be denounced, and their mean attempts to injure me in the public esteem exposed. It is much more important to the people than it is to me that those who have served them faithfully should be fully and generously sustained.

On August 25th Mr. Chase had another complaint, since he was not gratified by the publication of an extract from a previous letter to Mr. Cooke, its recipient having designed his interposition for the Chief Justice's benefit. After a reproof he concluded that "the matter may as well drop now unless the assailant renews it. One thing I think is sure. Such assaults hurt the assailants worse than the assailed. The people will not fail to come to the rescue."

On September 18th Chase wrote again to Mr. Cooke:

What folly men are talking about greenbacks, national currency, etc. It ought to be corrected. I wish I could put off the gown and say my say. But I must hold my tongue at present. Possibly the people may take the gown off next year. It looks so, our friends say, more and more. What do you think?

On November 11th, Chase said in a "confidential" letter to Mr. Cooke:

You were quite right in leaving out of your article all eulogy upon me. I saw the *Register's* article. It was very kind, though not quite so warm as yours. Since then it has had a paragraph, not quite so kind, to the effect that "Judge Chase is said to be

preferred by Johnson to Grant. Rather hard on the Judge." If Johnson does prefer me to Grant he has a queer way of showing it. It seems quite likely that a majority of the national banks are careless as to their fate as national institutions. If they are, it is not unlikely that Congress will be equally careless. The result will be no cash circulation, state or national, except greenbacks. I have done my best to serve and save the country with too little earnest recognition and support to encourage much further endeavor. The best men could save everything for the future if they would. But if the country is to be saved you, and such as you, have got to take hold of the work and act as vigorously as you did in placing loans, and be as little sparing of means as you were then. It won't do for you, and such as you, to say that you want to have nothing to do with politics.

Thus did Mr. Chase esteem his own services to the nation in a period which did not cover the war, since he abandoned his post at a critical hour. His own greatness as a financier seemed very sensibly to overshadow Mr. Cooke's, whom he insisted upon regarding merely as an energetic broker and a manager of refractory journalists. That Mr. Chase looked upon the banker as the man who would finance his presidential hopes in 1868, as in 1864, was indicated in many ways, but in none so strikingly as in a letter to an editor of the Philadelphia *Evening Telegraph,* who wished to establish a Chase newspaper in that city. Having appealed to the Chief Justice, the latter wrote:

It is quite out of my power to advance the funds you need for your enterprise, but if I could in any case I could in yours. Nor do I feel at liberty to ask any friend to do me the favor of making the advance. I do not doubt the willingness of Mr. Jay Cooke to hear your plan, or their readiness to do what may seem to them practicable and right.[1]

[1] Chase to S. W. Wallazz, October 18, 1867.

There were many newspapers to be established for Mr. Chase in all parts of the Union and Jay Cooke did not enlist in the campaign, seeing the overwhelming strength of the movement to bring forward a military candidate. In December, 1867, the Chief Justice heard that Uriah H. Painter had reported Jay Cooke as saying that he (Chase) "stood no chance for the presidency," and that "he had better withdraw from the contest." This was a great matter with the Chief Justice. He wrote to Jay Cooke on the strength of the report and read the letter to Henry Cooke, but did not send it upon the latter's assurance that his brother could not have made such a statement. Painter was only "quizzing his informant."

"I told him of course," Henry Cooke explained, "that you never had said so; that you may have said what I had said to him (Gov. C.), and what I would repeat, that the current was now setting strongly for Grant, and that this was a fact which neither he nor his friends should shut their eyes against, but recognize it, and as long as there was hope of success to do all they could properly to ensure his (Gov. C.'s) nomination, and to abandon those efforts only when the hope of success was so small as not to justify them. . . . There is some chance for his nomination but Grant is inside." [1]

If Grant were "inside" it did not seem to matter very much to the Cookes and in the end when Chase became a candidate for the nomination at the hands of the Democrats they wasted little sympathy upon their old idol. Henry Cooke knew all the public men of his time it was worth while to know, and when new figures ap-

[1] H. D. C. to J. C., December 17, 1867.

peared upon the stage of action he was not long in making them his friends. His gracious and captivating manners soon commended him to Grant. The General waited with his horses at the door of the Washington bank while Henry Cooke wrote a letter to his brother in Philadelphia, or completed the work of the afternoon, then to be driven about the city and through the environing countryside by the hero of Richmond and Appomattox. They were confidential friends. In April, 1867, Grant and his family paid Jay Cooke a visit at "Ogontz," sending back word from Washington that it was "not half long enough," [1] and when the General came to Philadelphia he usually called upon the financier in Third Street. This intimacy led to many glimpses of the inside management of the government. On September 2, 1867, after Stanton's suspension and Grant's temporary assumption of the duties of the War Office, Henry wrote to Jay Cooke as follows:

General Grant was in to-day and I had a long free talk with him. He is true and reliable and firm in his purposes, and will do all the law will allow him to do to thwart the President's attempts to practically annul the reconstruction acts of Congress. But he is in a difficult position, and it is important for the country that he should not break with the President, or abandon his position at the head of the War Department. Knowing the facts, I do, I don't like to see the papers criticizing him as they have done. He is making a noble and patriotic sacrifice of himself (or running the risk of doing so) through a misapprehension of the public of his motives. Depend upon it, Grant is our only hope of carrying out the reconstruction acts in good faith, and even he, with the limited powers given him by the law, may not be able fully to protect the country against the pro-Southern

[1] H. D. C. to J. C., May 3, 1867.

policy of the President, who is wicked enough to attempt almost anything.

On September 3d Grant took luncheon with Henry Cooke. The cabinet was in session at the time and Cooke remarked: "General, is not this cabinet day?" "Yes," he replied, "but they don't need me there." "So you see," Henry Cooke continued in relating the incident to his brother, "the President and his advisers do not constitute a particularly happy family." [1]

On September 5th, "cool and calm and no alarmist," Grant told Henry Cooke that "he would not be surprised at anything the President may do." [2] In fact so unfriendly were the relations of Johnson and his war minister at this time that General Sherman was brought on to Washington. On October 7th Henry Cooke wrote:

> General Sherman is here. I will see him this evening. *Entre nous* General Grant told me this morning that he was satisfied the President wanted to make S. Secretary of War, that S. and he (Grant) were in perfect accord, that the President would find him as intractable as *he* had been. He says that S. don't want to take the place, but the fear is that if he don't a worse man will be put in. In short, if Sherman does take it it will be because Grant wants him to do so. And Sherman will be just as reliable as Grant, and both are true as steel.

Mr. Chase, failing of the Republican nomination, turned his eyes upon the Democracy, hoping that through it his ambitions might be gratified. Then the Cookes finally abandoned him. Jay Cooke had very positive views on this point. He wrote his brother Henry from Sandusky on May 30, 1868, as follows:

[1] H. D. C. to J. C., September 3, 1867.
[2] H. D. C. to J. C., September 5, 1867.

Do you see Governor Chase nowadays? He is done here in Ohio; everybody is down on him, and I am plied with hundreds of questions as to how I regard him. I simply tell them that I do not believe half of what I see in the papers about his Democratic tendencies, etc. That if Governor C. goes in with the Copperheads of course all his friends, including ourselves, will stick by Grant and Colfax. People don't like the Chief Justice and his last position in the impeachment business has effectually squelched out all his claims upon the Republicans. You know I am desirous of doing nothing to injure him, and am careful to say nothing that would be ungenerous or ungrateful, but I must stand up for the right, and we all feel that the overweening desire of his heart for the presidency has been fatal to his future prospects. Does he ever allude to me, and what excuse does he give for refusing practically to communicate with me? He has not answered my last two letters. I will never write again till he does, and if you get a good chance tell him so.

"The idea that any Republican would hitch horses with Copperheads in the coming contest is disgusting," said Jay Cooke another time. "Gov. C. is ruined politically by this terrible blunder."

On June 2, 1868, Henry Cooke wrote to his brother Jay:

I see the Governor quite frequently, but we don't talk politics much. I told him frankly how his friends regarded his being a candidate of the Democracy, and he said he didn't seek a nomination from anybody, but if the Democracy chose spontaneously to offer him the nomination on his platform (which is even more radical than the Republican Chicago platform), he didn't see any reason why he should not accept it. But he regards this as exceedingly improbable, and does not trouble himself about such a contingency which is very remote. In our conversations he always speaks of you in the kindest and most cordial terms. I am very sure that he has no unkind feeling towards you.

On June 6th Henry Cooke continued:

Governor C. is still in Richmond. The movement to place him in nomination by the Democrats and Conservatives has become very formidable, and it begins to look as if he would be their candidate on his own platform. Yet I can scarcely believe that the old Democratic party will at the same time abandon its party principles to adopt those of ultra Republicanism (for Governor C. is as radical as ever) and take up a candidate outside their own ranks.

On July 7th Henry Cooke was "sick at heart, and sad, too, to see Governor C. destroying himself, as he is doing, by his frequent letters in the vain hope of getting the Democratic nomination." Defeated in the national convention which met in New York in the first days of July by the defection of the Ohio Democrats and other betrayers of his cause (he did not figure in any ballot until the thirteenth, when he received a half vote from California, and never rose above four, his standing in the twenty-first ballot) he wrote to Jay Cooke, bidding a final farewell to politics for which his friends expressed a due amount of gratitude.[1]

The first attack upon Jay Cooke's chest in 1868 was made in January of that year by Washburne and Chandler, who came for $5,000 for the salvation of New Hampshire. The elections there were due in March and the state must be secured to the Republican party. This was the beginning of a long series of raids made by William E. Chandler upon Jay Cooke in behalf of General Grant. This shrewd young Yankee politician had offered to put the New Hampshire contribution to Mr. Cooke's credit on account of the general campaign to be waged later in the year. He was elected secretary of

[1] H. D. C. to J. C., July 22, 1868.

the National Committee of which William Claflin, of Boston, was president, and on June 14th was writing to Henry Cooke in this wise:

Please confer with Jay while in Philadelphia as to the subscription which you will give the National Committee. . . . How much more than $10,000 can you go — can you give double that to elect Grant and Colfax, being protected from other demands? . . . If you fix a large subscription we can get more than otherwise from M. O. Roberts, A. T. Stewart, etc.[1]

Mr. Cooke told them very plainly that they would get nothing at all from him, if they waged a campaign on a platform advocating the repudiation of the national debt. On July 6th he wrote to his brother Henry:

Jay Jr. tells me that lots of committees, etc., will be after me for subscriptions to the campaign (Grant and C.). I shall for the present do nothing and give not a penny to any, and request you to take the same position. If the Republican party is to turn repudiators I will desert them. This whole matter must be at once understood before I give any money. The scoundrels deserve hanging for the irreparable injury they are doing to this glorious nation.

But the party's perils increased as the campaign progressed, as they always will, and Mr. Cooke before election day was compelled to pay his share to gain the victory. An effort was made to entice him to New York to a meeting called by Governor Morgan, Mr. Grinnell and others at the latter's office in Wall street to raise funds for the Grant National Campaign Committee. He did not attend. On September 19, 1868, Chandler wrote to Mr. Cooke reporting what had taken place at the council of war:

[1] Chandler to H. D. C., June 14, 1868.

I just called in to report to Mr. Pitt Cooke the result of our meeting of Thursday. After explanations from Governor Claflin, Mr. Washburne and myself, Mr. A. T. Stewart said: "I am here for business and must go. I have given $10,000, and if ten gentlemen will give $5,000 each I will give $5,000 more." At this challenge S. B. Chittenden signed, also E. D. Morgan, W. H. Grinnell, William E. Dodge, C. P. Huntington — then there was a pause, but I soon terminated it by signing $5,000 for Jay Cooke and Company. Mr. John C. Green, Paul Spofford, Moses Taylor and George Opdyke followed, and then we claimed with some applause Mr. Stewart's additional subscription of $5,000. . . . I should have signed the $5,000 for you on Thursday if I had known I should have had to pay it myself.

Besides the national subscriptions there were payments to be made to the state committees. Jay Cooke, in advising one of his partners to resist further importunities, said that he had "bled freely" for Pennsylvania where Simon Cameron had introduced a system by which political campaigns had become very expensive to wealthy men. The election managers in Ohio reminded him that he was a native and summer resident of that commonwealth and several needy Congressional districts in Indiana and other states were imposed upon him and were made the subject of his special attentions, the fortunes of politics and his forgiving disposition being well illustrated in the aid which he extended to his refractory foe in the last Congress, General John A. Logan, a candidate for re-election in Illinois.

Chandler's committee, as he explained after the victory, sent $50,000 to Indiana and in all $40,000 to Pennsylvania, they being regarded as the critical states. "You may at times have thought," said he, "that I crowded too hard. But I tell you we were in more dan-

ger than many intelligent people supposed. I saw the danger and where the strain would come, and thought of and labored only for the dangerous points." [1]

That Mr. Cooke, by all that he had done in this campaign, had not mortally offended his friend Chase, and that the Chief Justice emerged from the contest with his conscience again in a very sensitive state and his vanity little impaired, is seen by a reading of the following letter from him dated November 17, 1868:

My dear Cooke:

I enclose the certificates of Sterling stock. I have never felt exactly satisfied about that matter. To be sure, the transaction took place after I left the Department and did not come within my rule against purchases for resale, and it would have been all well enough if you had made me take and pay for the bonds as well as the stock, as I did more lately in the F. and W. subscription. As it was, I know nothing blamable in it. Still, as you did in fact sell the bonds and with the proceeds paid for bonds and stock and so let me have the stock without cost, the matter wears too much the appearance of a present from yourself and Mr. Moorhead for my taste, and I prefer not to have it transferred to me. Please therefore take the certificates back and don't think me over-scrupulous. If you do I know you will excuse me for wishing to err on that side, if at all.

I appreciate fully your friendly interest in the matter and that of Mr. M., and I acknowledge with pleasure your friendly services in investing my own small means, aided sometimes temporarily by your own, very much to my benefit, and particularly for allowing me an interest in the Franklin and Warren investment, which now promises to turn out so well. That I think is the best investment I ever made, and I should like to make enough more of the same sort to enable me to pay for a good house here in Washington. You may help me in that way by counsel and service as much as you please.

[1] Chandler to J. C., November 7, 1868.

I shall never cease to be glad and grateful that I laid down for myself the rule after Congress gave me such great powers, enabling me to raise and depress values very largely at my discretion, that I would have nothing to do, directly or indirectly, with speculation or transactions in gold or securities of any sort for my own or anybody's private benefit. You were well paid for your services as government agent for loans, but it was by well earned commissions and not by any advantages which all might not equally have. If I was poorly paid as Secretary by a salary insufficient to meet the expenses of housekeeping which in my position could not be creditably avoided, I was nevertheless abundantly paid in the consciousness of good service honestly and faithfully performed, not without benefits both immediate and permanent to my country and all my countrymen.

My separation from politics and parties seems now complete, but I earnestly hope that you who will now have great influence and be greatly responsible for it will set your face like a flint against any modification of the funding system (which I established and which I honestly believe cannot be materially improved), impairing at all the just principle of controllability. Redeemability after five years for six per cents., after ten for five per cents. and after not more than fifteen for four per cents. is indispensable. I would undertake now to fund the whole of the 5–20 sixes into 10–40 fives of even date with those now outstanding so as to be controllable after seven or eight years. If anything will reconcile the American people to repudiation, direct or indirect, it will be perpetuity or approach to perpetuity of debt. Be sure of that.

Faithfully your friend,

S. P. Chase.

CHAPTER XIV

ENTERING THE NORTHWEST

In November, 1868, after the election of Grant, there was much unsettlement in the New York stock market. Mr. Cooke, as of yore, was deeply concerned regarding its condition and had plans for strengthening it. On November 6th he wrote to Secretary McCulloch as follows:

Dear Mr. McCulloch:

Yesterday I wrote to Mr. Huntington to call on you and urge you, if you had not already done so, to examine your powers, and see if you could not devise some plan for the relief of the money market. I consider it the legitimate province of government to protect the community, so far as it can be lawfully done, in times of panic and distress, especially when such panic and distress are produced by illegitimate causes, as is supposed to be the case in the present instance. I know your aversion to anything like expansion, and your earnest desire for a nearer approach to the conditions and prices of the specie-paying periods; but I could not but feel that the present was a time when you could rightly and temporarily extend relief.

Your statement to Mr. Huntington of your willingness to do something has gratified the public greatly. I trust that Mr. Van Dyck will be at once instructed to *act,* or that such action may take place at the Treasury direct as will effectively restore confidence and a fair condition of the money market at this important season of the year's activities, when the cotton and grain crops are to be moved. It does not escape your notice, of course, that, if a panic like the present is allowed to work out

its inevitable and disastrous results, the foreign and internal revenues of the nation must suffer to the extent, perhaps, of fifty millions or more. For this reason alone [you would be justified in adopting whatever measure] [1] you could adopt to restore order and prosperity. You will no doubt either receive a letter from Senator Cattell, or a visit from him to-morrow morning. In talking with him to-day we came to the conclusion that you had three ways of legitimately relieving the people from this pressure. First by authorizing the purchase of 5, 10 or 20 millions of government bonds, putting out greenbacks in payment. Second, by allowing the deposits to remain and increase in the depositary banks (they giving you ample security), and instead of drawing any on their deposits at present to make all government payments in greenbacks. Third, by adopting a part of both of the above plans and in addition to re-issue as called for the three per cent. certificates to the extent of the present withdrawal, etc., etc.

I make no apology for these suggestions, knowing that you will receive them as intended, for the good of all. I trust you will act promptly and thus add to your already high reputation and the really strong regard of the legitimate business community.

With great regard, truly your friend,

JAY COOKE.

On the 7th, the next day, Mr. Cooke received the following "private letter" from Mr. McCulloch:

I have merely time to say that Mr. Cattell has been here and that agreeably to his suggestions Mr. Van Dyck has been authorized to re-issue three per cent. certificates in exchange for bonds. I incline to the opinion that this will be sufficient to relieve the market and that no emergency is likely to arise which will render a further issue of United States notes necessary.

There was much reason to think that Mr. Cooke would become a member of President Grant's cabinet. Indeed,

[1] Line missing.

to many it did not seem at all rational to suppose that he would be passed by by the new President. Grant's friendship with Henry Cooke was of brotherly intimacy. Jay Cooke was heartily interested in the soldier-candidate's campaign, and had generously contributed money and influence to compass Republican success. Love for Chase had been subordinated to practical considerations. The party would have none of him as presidential material, while his own very obvious angling for the prize in Democratic waters at length converted Jay Cooke to General Grant, and the financier was a man of no reserves in his likes and confidences.

It was a time of remarkable disorder financially. "The tomfooleries that are thought and uttered on the financial question," wrote the Washington correspondent of the New York *Tribune*, "defy enumeration. As to criticizing them in detail, they are no more worthy of it than are the antics of a buffoon."

The air was full of idle and ignorant words and phrases and, rising above the din, were distinguished "inflation," "contraction," "bloated bondholders," "patrician class," etc., etc. Jay Cooke, supported notably by the *Tribune* in New York and the *Inquirer* and *Telegraph* in Philadelphia, persistently combatted all dishonorable proposals. If General Grant knew anything that was really sage or valuable concerning financial affairs it does not appear in a study of his public life. Moreover, a weakness appeared in his character in the presence of the politician about whose ways he knew so little, and he was ready to surrender a principle which he did not understand when he would have firmly stood at a river, or before the earthworks of a city, whose value,

by his experience, he was better enabled to comprehend. Jay Cooke was free of business contracts with the government and might now have accepted the secretaryship of the Treasury, as he could not have done, when President Lincoln appointed McCulloch to succeed Fessenden. The air was still surcharged with the abuse of Mr. Cooke by the Greenbackers and Grant was clearly afraid to face the issue by appointing one whose opinions were known of all men to be entirely adverse to compromises of any kind with the repudiators.

It is characteristic of Jay Cooke that he did not think of himself as a suitable, or even possible incumbent of the secretaryship, and he and his brother Henry had been busy after the election in pulling their wires for Governor Dennison of Ohio, whom they had put forward for the position during Lincoln's administration. "Gov. Dennison is . . . the right man," wrote Jay Cooke, "the best man in the land, a live man, honest and true, bold and faithful, and would do more for the country than a dozen Bs. [Boutwells]." [1]

Dennison for Secretary of the Treasury and General J. K. Moorhead for Senator from Pennsylvania were the choice of the Cookes. "Cameron is secretly hostile to him," said Henry Cooke, "but dare not make a strong open fight. His (C.'s) man will be whoever will cooperate with him and you can appreciate the importance of preventing such an accession of strength to Cameron, who would thereby be made one of the most potential men in the Senate, and who has never been too well disposed towards us." [2]

[1] To H. D. C., February 6, 1869.
[2] H. D. C. to J. C., December 16, 1868.

Nevertheless the appointment of Jay Cooke was expected in February and March, 1869. The newspapers freely named him as the next incumbent of the office and Henry Cooke in Washington and Fahnestock in New York implicitly believed that he would receive the appointment. "If Ulysses offers you the Treasury, hang on to it until you get the right man into it," sagely counselled Fahnestock on March 4, 1869, and Henry Cooke sent him the same advice from Washington.

Mr. Cooke himself carefully avoided any declaration of his intentions concerning the office, if it were proffered to him.[1]

On March 1st Henry Cooke said that it was "the prevailing idea" in Washington that his brother would be the next Secretary of the Treasury and although the financier wrote the next day, "there is no shadow of foundation for the rumors of my appointment to the Treasury; I have not the least idea that General Grant ever dreamed of it," he must have been secretly disap-

[1] "I venture to predict from the turn matters have taken within twenty-four hours that the coming man from Pennsylvania is Jay Cooke and that he will be Secretary of the Treasury. The commercial world knows him well. His very name suggests confidence at home and abroad. . . . Loans were required [during the war] and Jay Cooke was the man who promptly came forward and negotiated them. He did it when no other man dare take the same responsibility. The nation's life was in peril and the financial department of the government was looked to at that time with as much anxiety as were the troops in the field. . . . I believe that General Grant feels this as much as any other man. . . . Mr. Cooke will be no man's man. He is a self-made man. He will not be Cameron's man, nor Curtin's man, nor Weed's, nor any other man's man. Having made his fortune by his own industry and genius he will bring to the service of the government the same great qualities of body and mind to the end that the public debt may be paid and the public credit permanently established everywhere."— Washington correspondence of the New York *Evening Mail,* February 28, 1869.

pointed in common with many others after so much discussion of the subject when the post was tendered to A. T. Stewart of New York. The point was raised that Mr. Stewart was prohibited under an old law from serving as Secretary of the Treasury, because of his commercial connections, whereupon he offered to put his business in the hands of trustees during his official term and devote the proceeds to charity.[1] But to relieve the President's embarrassment he decided to decline the office, and George S. Boutwell of Massachusetts, who had earlier been mentioned for it, was chosen, while Pennsylvania's place in the cabinet, at Cameron's bidding, was tendered to George H. Stuart. He did not accept, when the part was taken by Adolph E. Borie, who for a short time was Secretary of the Navy.

Governor Geary of Pennsylvania was very indignant that the President should have passed over Jay Cooke to take up Stewart, and said he would give Grant a "piece of his mind about it," but "I told him," wrote Henry Cooke,[2] "you neither expected nor desired the appointment yourself, however you might regard the appointment of Stewart."

"Boutwell is the best man for the Treasury after Dennison," continued Henry Cooke on March 11th in his correspondence with his brother, "and has all along been my second choice." He is "a good friend and I know he feels kindly." His appointment "satisfies Congress, the members of which never could have gotten along peaceably or pleasantly with Stewart."[3]

[1] H. D. C. to J. C., March 9th.
[2] March 10, 1869.
[3] March 12, 1869.

Thus was Jay Cooke released for further business engagements; thus was his daring spirit kept free for one of the greatest of all private undertakings, the construction of a railroad through the untrodden wilderness that lay between the head of Lake Superior and the broad ocean which leads ships to the Orient.

Jay Cooke and Company were constantly beset by projectors and promoters of schemes of all descriptions,—by inventors with devices to revolutionize civilization and make themselves and their financial sponsors fabulous fortunes; by men who wished to establish steamship lines to Europe and the South Seas; by manufacturers with wonderful properties for sale; by owners of iron, coal and silver mines, real estate dealers and holders of franchises to make, sell and purvey useful and useless commodities; and agents of railway companies and of needy state and foreign governments. As the fame of the house spread "schemes" poured into Mr. Cooke's office thick and fast, the greater number of them, after more or less careful consideration, being politely, but firmly, declined to make way for fresh importunities.

It should be clear from what has been developed in these chapters thus far that Jay Cooke guarded his own good name and the credit and reputation of his house with great jealousy. He was incessantly vigilant in the oversight of his partners; the standards he set for himself were high and from them he never stooped on any account for temporary gain. He drew his partners out of their cotton, oil and voucher speculations during the war, and severely reprimanded them for any propensity which seemed to him unpatriotic, or in the least degree threatened the financial standing of his house.

His watchfulness may be further illustrated by a number of incidents that marked this later period in the life of his firm. In October, 1865, he urged Huntington, who was beginning to be the object of much solicitude, to be "patient, modest, vigilant and watchful," but the young cashier was not saved by this counsel from a misbehavior in New York City in October, 1866, which deeply offended Mr. Cooke. He had been seen driving a stylish four-in-hand in the park on a Sunday afternoon. The adventure was displeasing upon two accounts. It conflicted with Mr. Cooke's inviolable rules concerning Sabbath observance and it was calculated, he thought, to spread the idea abroad that one of his employees, the cashier of a national bank which was entrusted with large sums of public money, was making a show far beyond his means, thus causing damaging remark. On October 24, 1866, therefore, Jay Cooke wrote as follows:

Dear Huntington:

Yours of yesterday received. I don't think Mr. Browning or any one else has power to hurt this glorious country much. It will survive all the wickedness and foolishness in high places. I have not yet read B.'s letter, but will do so to-night.

And now I have a word or two to say to *you* in great sorrow. Yesterday I was informed by a friend who takes a deep interest in our honor and prosperity that you were seen on Sunday in Broadway driving a "four in hand." He was shocked and thought it his duty to give the information, knowing, as I should have thought you would have known, that such an act, if known on 'Change in New York or elsewhere, amongst financial people, would create remark and bring great discredit to the bank under your charge and the friends with whom you are so confidentially associated. To say nothing of the desecration of the Sabbath, thought of which it seems to me should have deterred

you. [Such action would be][1] deeply injurious and inexcusable even on a week day. Credit is a tender plant. Nothing so affects it as such a stupid display as a "four in hand." There is no excuse available for such an act on the Sabbath even in a strange city, because God sees if men do not.

It is such actions as this one that will entirely destroy your position with us, and I beg of you to consider whether it is not worth while to take a course in future that will not call for such sad expressions as above. You are a young man and have much to live for. I pray and beseech you to think.

In haste and awaiting your reply, I am your friend,

JAY COOKE.

Huntington apologized directly at once and had William E. Chandler and Henry Cooke write to Jay Cooke explaining the circumstances and extenuating the act. His wife and sister were members of the party, the owner of the coach was one of the "best citizens of New Hampshire." It was late in the afternoon, indeed they were covered by the twilight and they were not out long. Because of this indiscretion, coupled with other acts which were not to his liking, Mr. Cooke gave the national bank a thorough examination, and its affairs, as well as those of the Washington office of his firm, received his careful personal surveillance henceforward.

Mr. Cooke's New York house also brought him many troubles by reason of the unhappy misunderstandings and rivalries of its partners. Fahnestock was in charge of the government bond department which he declared was the sole and only source of profit to the house, while old Mr. Dodge managed the general stock business where there were no gains and often serious losses. Fahnestock therefore was constantly urging Mr. Cooke

[1] One line is missing.

to invest larger sums in the bond business. Were the "Tycoon" in New York he "could be made to understand how large a stock must be kept in hand if the house were to continue to occupy the leading position in the bond market." What would do in Philadelphia or Boston would not control the situation in New York. He was making money, he said, in spite of Mr. Cooke, which he was not pleased to do. "You know that you admire and appreciate a commanding position and all the facts and arguments I have given and shall give you are designed to prove that we cannot take the lead here unless we are prepared to do business in a large way. . . . We can't sell the government millions unless we have them. We can't do business in this market unless we do it on a large scale. We can't make money unless we are willing to run risks. The brokerage part of the business is a bagatelle, any thirty-second man can do it." [1]

From the opening of the house to August, 1869, the government bond business, Fahnestock said, had yielded profits of $1,638,000 against which only $30,000 were to be charged off for bad or dubious accounts. The "stock, gold and money department," on the other hand, showed profits in the same time of only $493,000, one-half of which was made in Treasury gold sales and over $300,000 were "tied up," if not wholly lost, in bad and unrealizable collateral. Over $200,000,000 of bonds had been sold in the year ending July 1, 1869. Fahnestock wished that at the end of 1869 some way might be found "amicably to dissolve the partnership. We have a large and expensive establishment and must make a lot of money to go around."

[1] Fahn. to J. C., August 10th, August 28th, and September 1, 1869.

In 1869 the business of the house became much less lucrative than formerly in common with that of all other brokerage firms in New York, the period being very unfavorable to profitable trade. Office expenses upon Mr. Cooke's order were reduced to the lowest possible point.[1] He was compelled to remonstrate with his old patron, Mr. Dodge, "full of horse and yacht matters," a very unpleasant task, but he did these things manfully when the necessity arose.

The oil speculators still pursued Mr. Cooke. To him they were always an angering crew and never failed to excite his suspicions and protests. He would not have his own name or that of any member of his various firms identified with the petroleum business at a time when it unsettled the reasoning faculties of so many men. In 1868 the Anglo-American Oil Company advertised in England that he was a trustee of the corporation, "sundry honorable earls, lords, etc.," being numbered among the managing directors of the enterprise. Mr. Cooke, in the most public way, denounced this unauthorized use of his name. He published cards in the principal American and English news and financial papers. In the New York *Tribune*[2] he said that he had been brought into the undertaking "without the shadow of authority. Under no circumstances would he allow his name to be used in connection with any oil company. The parties to this English affair and all others interested are notified that in his opinion it is a deliberate and infamous fraud thus to associate his name without

[1] "If the business were always to be as now we had better quit. But it cannot be long continued so dull and unprofitable and we must work for better results."— Fahnestock to J. C., December 27, 1869.

[2] April 18, 1868.

his consent with any such enterprise." He gave expression to a hope in the English journals that the statement would be "a warning to deter any future trespassing upon his name." Mr. Cooke was also very wary of investments in the South during the Reconstruction period. He did not know anyone who would "risk life or limb" in "such a land of whiskey and bowie knives."

These incidents are introduced not because they are recognized to be of great public interest, but as the means of completing the picture of Mr. Cooke's character, —his forbearance and kindness in his dealings with his employees and associates, and with it all the jealousy of his business honor which was constantly felt, as evidenced by the care he used in watching the management of his houses for the smallest irregularities, even touching acts that his men doubtless sometimes thought lay quite within the range of their private lives.

Mr. Cooke and Mr. Moorhead had largely interested themselves with others, including Henry D. Moore, the ex-Treasurer of Pennsylvania, whom Mr. Cooke carried along financially in pure friendship and benevolence, in an anthracite coal property near Girardville in Schuylkill County, Pa., the Preston Coal and Improvement Company. The books were opened at the office of the firm and it was identified with the enterprise in his absence from Philadelphia. He was never entirely reconciled to the investment, but Chase and many of his friends were brought into it. Operations were begun at Preston in April, 1864. Labor and all machinery and supplies were to be had only at war-time prices. Although it was originally estimated that $150,000 would put the mines in working order, $332,000 were spent

there up to August, 1865,[1] and $100,000 more must be invested to complete the improvements. Moore devoted his time to the enterprise and it was entirely unprofitable to him and every one else, being sold, at length, to the Philadelphia and Reading Coal and Iron Company at the time Franklin B. Gowen was accumulating mines in the anthracite region for that company for the enjoyment of a later generation of investors.

Cooke, Moorhead, Moore and others were also interested in the Philadelphia and Erie Land Company and the South Mountain Mining and Iron Company. The first of these was a land improvement company owning property in several towns along the line of the Philadelphia and Erie Railroad; while the South Mountain Company held from 20,000 to 25,000 acres in southern Pennsylvania, a few miles from Carlisle. The tract was purchased from William Watts, and it comprised a furnace and forge called the Pine Grove Iron Works. A railroad was built from Carlisle to the plant and mines and it was sold to the Thomas Iron Company, being later repurchased by Mr. Cooke and a Mr. Fuller under foreclosure proceedings. Mr. Cooke was the sole owner and proprietor of the property at the time of his death.

He also acquired iron interests in New York State upon the roseate representations of various vendors and promoters who visited him. In the Lake Champlain Ore and Iron Company he and his partners had large interests, and in September, 1867, he personally took full title to the property, which comprised from 10,000 to 12,000 acres in Essex County, N. Y., in and around Elizabethtown, within seven miles of Lake Champlain,

[1] H. P. Rutter to J. C., August 4, 1865.

chiefly "a mountain of ore" called Nigger Hill, with mineral deposits, bloomeries, shops, mills and houses. When he offered to lease it in 1869 Mr. Cooke computed that he had exchanged stocks of a face value of $800,000 for the property. Very expensive improvements in the plant were undertaken and it was asserted that there were only two or three larger establishments of the sort in northern New York. He valiantly sought to effect a sale of the property. "Here I am, looking after my 'elephant,'" he once wrote his brother Henry while on a visit to Elizabethtown. "What a nice chance for some tamer to enter these wilds and catch my elephant."

Mr. Cooke also held an interest with David Crawford of Clark, Dodge and Company, of New York, Thomas A. Scott, William G. Moorhead, J. B. Moorhead and others in the Sterling Iron and Railway Company. They formed a subsidiary company to construct a mountain road to run from the Erie Railway at Sloatsburg, in Rockland County, to the Sterling mines and works, which were situated in Orange County, N. Y. Mr. Cooke was an incorporator and director of this company. At one time he had nearly $700,000 of the bonds and stocks of the Sterling companies.[1]

These various iron properties were not very lucrative investments and did not tend to become more desirable holdings as the methods of metal manufacture changed and the industry was concentrated at new and stronger centres. Mr. Cooke, moreover, was unable personally to oversee their affairs. They suffered for lack of his careful superintendency and they were a drain upon the

[1] Crawford to J. C., March 4, 1864.

income he received from businesses which he more perfectly understood.

In May, 1865, Jay Cooke had presented to him through his brother Henry a proposition to join a combination of which Senator Zachariah Chandler was a member, to speculate privately with a capital of $20,000,000 in United States bonds which were held in Europe, buying them, raising their value, and selling them at the higher price. He agreed to manage this operation for the men interested in it,[1] since it had the approval of Secretary McCulloch, and had the prospect of being beneficial to government credit. But the promoters of the enterprise did not seem to have the money necessary to develop their grand scheme.

In May, 1866, Mr. Cooke had a correspondence with Antoine de Gogorza, a Latin American adventurer, who proposed to secure from the government of New Granada the right of way for a ship canal across the Isthmus of Darien. He had the "long lost route," east of Aspinwall, successfully hidden from the white man for 120 years, but Jay Cooke[2] gave but faint encouragement to the promoter's plans and they promptly came to naught.

Overtures were made to the firm concerning the management of a loan for the Juarez government in Mexico. A "half Spanish colonel" came to see Fahnestock in Washington in May, 1865, and but for his "cutthroatish" appearance might have induced Mr. Cooke's active young partner to undertake the placing of a loan

[1] H. D. C. to J. C., May 26, 1865.
[2] H. D. C. to J. C., May 9, 1866.

of $100,000,000.[1] This was followed by a visit to Jay Cooke by Señor Romero and in August, 1865, that gentleman wrote to him as follows: "The United States loan having been taken and your business in that line closed, as I now understand, I beg of you to inform me whether you are now ready to entertain the proposal I made to you in Philadelphia in May last." [2] The negotiations proceeded for some months, but there were weighty objections to the plan. Henry Cooke went to see Assistant Secretary of the Treasury Chandler, who said "that as government bankers, acting in that capacity under the Secretary's authority, our taking the agency of the loan would be regarded by the whole world at home and abroad as being done with the assent and approval of the government." Henry Cooke also addressed Grant and the General obligingly promised to see President Johnson on the subject, but advised against the agency unless the proposition were referred to and approved by the cabinet. Johnson told Huntington that everyone knew what his ideas were, that he thought if money were raised in the United States it would go far toward driving Maximilian out of Mexico. In fine, he would like to say "go ahead," but he dare not do so for obvious reasons.[3] The negotiations continued into 1866, and on February 9th of that year Henry Cooke wrote to his brother: "The Secretary [McCulloch] says hands off the Mexican loan at present. The official news from France is entirely satisfactory; the French troops will be withdrawn and our government is more than ever anxious to do nothing now to

[1] F. to J. C., May 12, 1865. [2] August 6, 1865.
[3] Huntington to J. C., December 23, 1865.

complicate matters, at least till the Johnny Crapeaus are fairly out of the way."

Thus this international negotiation at one time seriously considered by Mr. Cooke, although he never went into the subject very deeply, was allowed to pass and the firm's energies were husbanded for other undertakings.

He was also asked to associate his fortunes with a variety of companies, chartered in such great numbers by Congress after the Civil War, but he kept clear of these enterprises, barring the National Life Insurance Company. John Sherman sought to involve him in one of the telegraph companies which were formed to net the country with wires during this period. The Senator from Ohio was engineering a bill through Congress to incorporate the National Telegraph Company in which many capitalists and politicians were interested. "I hope you will take hold of this telegraph business," he wrote on July 30, 1866. "It is a rare chance for a large and profitable enterprise with much resulting good to the public. The main thing is to have it in safe hands who will not turn the franchise to their private profit, but will put all the proceeds of the stock into work and labor. I feel a personal pride and interest in it, for I am responsible for the law. I will gladly join with you and share with you in pecuniary loss or profit if you wish me to. The franchise being open to all mankind, I would feel free to take part in it."

The prospectus of the company called for a capital of ten millions of dollars.

The insurance company Mr. Cooke made a personal concern and for several years it was managed as almost

an integral part of his banking business. The idea assumed definite form late in the year 1867. The company was to be organized under a national charter, specially procured for its use, and it was to be capitalized at $1,000,000. Clarence H. Clark was peculiarly the sponsor of the enterprise and he prepared a prospectus which was early submitted to Mr. Cooke. "We feel confident," said he, "that there is room for another large, responsible and energetic company, as life insurance has now grown to be one of the necessities of the age." It was stated at the time that no company would take a risk of more than $25,000. The new company proposed to insure for unlimited amounts and in general sketched a plan which was new and inviting to the public at large, as it seemed to be to the stockholders. It was thought that an organization could be effected in co-operation with the national banks of the country which thereby might "add a handsome amount to their earnings year by year." All the members of Jay Cooke and Company's various firms, the Moorheads, the Clarks, John Sherman, Harding of the *Inquirer* and a number of Washington newspaper men were admitted to the list of shareholders and the bill was put upon its passage in Congress at the session of 1867–8 with the support of Uriah H. Painter. In July it was passed, engrossed and sent to the President, who signed it, although a party of Philadelphians, Jay Cooke telegraphed his brother Henry, were despatched to Washington to oppose the measure, and if possible induce Johnson to veto it on the ground that it was a "monopoly." [1]

[1] "A. J. is so impracticable and so suspicious that we can't urge the signing of the bill with too much precipitation or he would think it contained more than it does."—H. D. C. to J. C., July 22, 1868.

Offices were opened and agents were put in charge of them at once. Business began on August 1, 1868, and many policies were written immediately. The officers of the company were as follows: President, Clarence H. Clark; Chairman Finance and Executive Committee, Jay Cooke; Vice President, Henry D. Cooke; Secretary and Actuary, Emerson W. Peet; Board of Directors, Clarence H. Clark, Jay Cooke, F. Ratchford Starr, W. G. Moorhead, George F. Tyler, J. Hinckley Clark, E. A. Rollins, Henry D. Cooke, W. E. Chandler, John D. Defrees, Edward Dodge, H. C. Fahnestock.[1]

The head office was in the First National Bank of Philadelphia under President Clarence H. Clark's personal superintendency, although the charter required a nominal location in Washington, which was found in Jay Cooke and Company's house in that city. The latter had the agency for the District of Columbia and some surrounding territority. Joseph U. Orvis, formerly of the Ninth National Bank of New York, so active a factor in the sale of the seven-thirty loan, was the manager of the New York branch, which was organized as a department of Jay Cooke and Company's banking business that it might profit by the great reputation everywhere enjoyed by that firm.

The agents in New England were William E. Chandler, ex-Assistant Secretary of the Treasury, and E. A. Rollins, who had been Commissioner of Internal Revenue, and the country was divided into districts which were systematically covered by agents and solicitors. The company fared well, although it brought cares, anxieties and responsibilities to Jay Cooke. At length

[1] Advertisement in Philadelphia *Inquirer*, November 4, 1868.

its headquarters were removed to Chicago by men who had purchased the interests held by the financier and his associates. The company had 11,924 policies in force at the end of the year 1873, aggregating $27,884,753. Its "admitted assets" were above $3,000,000.[1]

But Jay Cooke's favorite enterprises were railroad companies. During the war he took hold of the Warren and Franklin Company, a road in the oil regions of Pennsylvania, connecting with the Philadelphia and Erie. This line was later consolidated with the Oil Creek Road and is now a part of the Pennsylvania Company's railway system.

The seven-thirty loan had not yet been closed when the banker was asked by an agent of the "Fund Commissioner" of the North Missouri Railroad to sell that company's first mortgage bonds. "Your very successful management of the great government loans," he wrote, "induces me to believe that you might be able to place this loan through the same machinery." The whole issue would be $6,000,000 and $2,000,000 were then offered for sale.[2] Mr. Cooke made no investments for himself blindly, nor did he invite others to buy of his securities until he had satisfied himself of the value of what he offered them. He might be deceived by his advisers, but he took all reasonable precautions to guard against mistakes. The negotiations with the men representing the Missouri railway and the officials of the state which had subsidized it continued for months until a report could be received from W. Milnor Roberts, a skilful engineer, who was despatched to report upon the

[1] Report to State of Pa., December 31, 1873.

[2] J. H. Alexander to J. C., from St. Louis, August 4, 1865.

property. He found that the road was 170 miles in length. It had been well built in 1858 to run from St. Louis to Macon City, where it joined the Hannibal and St. Joseph Railroad. He computed its value at $8,000,000. It needed a bridge 1,800 feet in length across the Missouri at a point some twenty miles from St. Louis, where a ferry was then in use, and the state government had authorized the sale of $500,000 of bonds to meet the cost of this work. The engineer reported fully and favorably upon the road's present earnings and profits and its future prospects. The additional $6,000,000 which Mr. Cooke was asked to procure were to be used to build the bridge, new sections of road to the Iowa state boundary, and a west branch which would connect with the "great trunk lines" to the Pacific coast. Acting upon the strength of these advices he entered into a contract with John F. Hume, the Fund Commissioner of the state of Missouri; Isaac H. Sturgeon, the president of the company, and Champlin, Smith and Company, the contractors, for the sale of $3,000,000 of the proposed $6,000,000 at not less than 75 cents on the dollar.[1] In December, 1866, the other $3,000,000 were offered for sale, the price being placed at not less than 85 cents on the dollar. The bonds were not easily distributed, and it was with difficulty that Mr. Sturgeon could obtain enough money to proceed with the work of construction. A hostile party in Missouri, in impatience took advantage of an offer of James B. Eads and he and his associates voted Sturgeon out of office, making Judge Barton Bates, a son of Edward Bates, Lincoln's Attorney-General, the president of the company. Through

[1] July 6, 1866.

Eads and Cooke acting together, the entire $6,000,000 seem to have been sold before the end of 1867. The amount was still inadequate, but Mr. Cooke, after the turn things had taken, felt that he was without very much responsibility for the undertaking.

Jay Cooke was asked also to provide money to build other railroads in Missouri, including the Iron Mountain and the Missouri Valley lines, but this experience with the politicians of the state indisposed him toward similar enterprises in that part of the West.

In these years so prolific of financial schemes Mr. Cooke was invited to assist in the organization of practically all the new railway enterprises and to aid many old companies in making extensions to their lines. These invitations for the most part were declined, especially after it was determined that the energies of the firm must be husbanded for a great effort in the Northwest. Mr. Cooke had been warmly interested for many years in the problem of building a railroad to the Pacific Coast. It appealed to his imagination in somewhat the same way that Thomas H. Benton's soul was fired for the same subject long before the Civil War, leading that old Missouri patriarch to paint the beautiful possibilities of trans-continental communication upon every available occasion. There were mainly three routes proposed and advocated by the men who gave this great matter their attention and care, and they favored one or another according as their pecuniary interests lay, or sentiment, imagination or a prosier thing called judgment came into the equation to dispose their minds to the southern, the middle or the northern course. That there would be more than three lines to the other

ocean was not anticipated by any, even at a time when the American fancy was ruled by the most diverse schemes for laying rails over mountains and across deserts. Indeed, one road invading the land inhabited by Indians which roved at their unhindered will, black herds of buffalo and other animals to whose eyes the white man was utterly strange, seemed to practical persons a wild dream. But the war made such a line a military necessity. When Pitt Cooke and Judge Sadler were sent to California to sell seven-thirty bonds they must go by way of the Isthmus of Panama, the journey occupying several weeks. Coming to the Pacific coast they found that the people were using another kind of money, and while their loyalty to the Union was unquestioned, they knew as little of the East, beyond the knowledge they had taken with them when they went to live there, as though they were the inhabitants of Chile or Ecuador. Indeed, if they had resided upon the west coast of South America they could have been more easily communicated with. Western Europe was nearer to New York than the land which lay beyond the plains, the great mountains and the "desert" and fringed the outer borders of our empire.

The Northern Pacific Railroad Company was chartered by the Congress of the United States on July 2, 1864. By this act lands were granted to the company "to aid in the construction of a railroad and telegraph line from Lake Superior to Puget Sound on the Pacific coast by the northern route." It was to follow a course north of 45 degrees of latitude. There was to be a branch to Portland via the valley of the Columbia River and the capital was fixed at $100,000,000. A group of

New England men were at its head, but the leading spirit was Josiah Perham, a merchant of Maine, who drifted to Massachusetts, and was rather widely known for his success in organizing cheap railroad excursions which he is said to have originated. He planned a great People's Railroad to the Pacific Ocean. The stock was to be sold without a mortgage on sentimental grounds. His list of incorporators included the names of many prominent financiers and politicians in various Northern states. Among them were Richard D. Rice, Samuel S. Fessenden, Willard Sears, George Opdyke, Chauncey Vibbard, John C. Frémont, S. M. Felton, G. W. Cass, J. Edgar Thomson, William E. Chandler, John Gregory Smith, U. S. Grant, William B. Ogden, Leonard Swett and Henry D. Cooke. Congress offered to grant the company alternate sections of land, the sections designated by odd numbers, to the amount of twenty to the mile upon each side of the track in the territories, and ten to the mile upon each side in the states through which the line should pass, patents being issued when twenty-five miles of road were built, and inspected and accepted by commissioners to be appointed by the President of the United States. The government obligated itself not to sell the adjoining land for less than $2.50 per acre. The company must begin work upon its road within two years, and complete at least fifty miles annually. The line must be ready for traffic over its entire length by July 4, 1876. If within two years the company did not sell $2,000,000 of its stock upon which ten per cent. was paid in, its charter should be null and void. This was a grant of twenty square miles or 12,800 acres for each mile of railroad in the states, and

forty square miles or 25,600 acres in the territories, computed to be altogether 47,360,000 acres. President Lincoln signed the bill. Subscription books were opened in Boston and Portland, Me., and by November, 1864, 20,000 shares of stock were sold, $10 being paid upon each share, and the company was organized with Perham as its President. By a resolution of Congress of May 7, 1866, the time for beginning and completing the road was extended two years. It was farther extended on July 1, 1868, when the amount to be built annually was increased from fifty to one hundred miles. On March 1, 1869, the company was authorized to issue bonds and on April 10, 1869 to construct a branch line on the Pacific coast of which twenty-five miles should be completed before July 2, 1871, and forty miles per annum subsequently.

Already in January, 1865, President Perham had visited Mr. Cooke asking him to accept the agency for the sale of the stock of the road. In October, 1865, Sir Morton Peto and some English capitalists came to this country and were dined and wined on many sides, being shown over Mr. Cooke's iron lands in New York state. It was confidently stated by Henry Cooke that they would "take hold of the North Pacific Railroad," his informant being Robert J. Walker.

On May 18, 1865, William L. Banning wrote to Jay Cooke aiming to enlist his financial interest in the Lake Superior and Mississippi Railroad, which was to run 140 miles from St. Paul almost due north to the western end of Lake Superior where two towns were projected, Duluth and Superior. There were to be termini at both the last named places. It had a liberal land grant of

NEWPORT, R.I.

10,880 acres per mile, a total of 1,523,200 acres, nearly all of which was heavily timbered with pine, cedar and oak. Thus would the great lake system be brought into rail communication with the upper waters of the Mississippi and the connection, even if mostly of a sentimental interest (since the river is not an important navigable highway at St. Paul), was calculated to take strong hold of the outreaching mind of him who as a boy had looked upon the surfaces of this great inland water system, and pondered while fishing each summer among the Lake Erie islands upon the commercial uses of this wonderful natural highway. "If you are willing to take hold of it," wrote Banning to Mr. Cooke, "I will look no farther."

On February 16, 1866, Jay Cooke's Washington men telegraphed to him strongly urging him to come down and meet a party of Northern Pacific Railway promoters, about twenty in all, with a view to negotiating $100,000,000 of their stock.

Perham had failed to do anything with the charter of 1864. No more assessments could be collected from the stockholders and his visionary scheme fell to the ground. The franchise was offered for sale. Several dinners were given in Boston and other New England cities to impress upon capitalists the great importance of the construction of the road to that section of the Union. "The rumors afloat in the country in reference to the manner in which the charter had been obtained, and the way in which it had been 'hawked about' in New York and elsewhere by the parties then in interest had combined to give a taint to the whole concern, and it could only be made reputable by being taken up by new par-

ties."[1] The project was noticed and endorsed by several Boards of Trade, and in a little while it fell into the hands of what afterwards came to be known as the "Vermont clique" with Governor J. Gregory Smith at its head, he being made the President of the company. They took it from Perham practically upon his deathbed when it was about to go to the Grand Trunk Railway of Canada. The party included a number of men connected with the Vermont Central Railroad, Mr. Cooke's *bête noire* before the war,—Thomas H. Canfield, Frederick Billings and Judge R. D. Rice, the latter being the Vice President of the Northern Pacific Company. A. H. Barney was, or soon became Treasurer, Hamilton A. Hill Secretary, and Edwin F. Johnson, who had spent many years upon the surveys, Chief Engineer. They had partitioned the enterprise among themselves in twelve equal interests, and had but one important task before them—to seek out a great banking house to sell their stock or bonds and supply them with funds.

Jay Cooke demurred and did not favorably regard the call of his young Washington partners to put himself at the disposal of this body of men. But they wished to see the "Tycoon himself and nobody else"[2] to which Jay Cooke replied by wire:

> Let parties come here, if you can't mature proposition. Wm. G. is dead against any connection. If they only want us to sell their government bonds, it is a matter you can decide at once. If they wish us to negotiate their bonds or take any interest we positively decline anything to do with it.

By letter he severely reprimanded his partners for as-

[1] Hamilton A. Hill to J. C., February 11, 1871.
[2] Fahnestock's telegram to J. C., February 16, 1866.

JAY COOKE ABOUT 1875

suming to make any arrangements without his full approval, and told the importunate promoters that if they wished to see him they could come to Philadelphia, where they could find him at his place of business. On February 17, 1866, Henry Cooke and Fahnestock wrote jointly to Jay Cooke and Wm. G. Moorhead:

> Your remarks about Pacific Railroad negotiations are received and duly appreciated. We think you entirely misapprehend us. We hadn't the remotest idea of assuming the financial burthens or responsibilities of either, or any of their roads. We hadn't contemplated making any advances, or in short doing anything involving the slightest risk, pecuniarily or otherwise. More than this, we didn't intend to do anything at all in the matter, but referred it entirely to Jay, and this was why we were so anxious to have Jay come down and confer with the parties. These parties will have a large amount of securities to negotiate, out of which a handsome commission can be made, but whether this can be done without involving responsibilities which Jay thinks we ought not to assume is a question which we referred entirely to his decision.

A part of the delegation, by appointment, visited Mr. Cooke in Philadelphia on the following Monday and it was his first meeting with the men whose cause he later espoused with the fullest enthusiasm.

In the financial operations which resulted in the construction of the central line from Omaha to the Pacific Ocean, Mr. Cooke had almost no part. He was asked to sell a few millions of first mortgage bonds for William J. Palmer, Treasurer of the Union Pacific Company, to facilitate the construction of its Leavenworth branch and the main line as far as Fort Riley. If he would do this he was offered the opportunity to market their government bonds of which $320,000 worth were received

for every twenty miles of road or at the rate of $16,000 per mile, deliverable upon the completion of each twenty-mile section.[1]

In 1866, when General Dix was about to vacate the presidency of the Union Pacific, it was hinted that the ambitious Chief Justice Chase might be placed in the office, and he was not averse to the suggestion, though the choice fell upon John J. Cisco, who had been the Assistant Treasurer of the United States at New York during Chase's administration of the Treasury Department. Later it was stated that the Chief Justice might have the presidency of the company, which was at work upon the western end of the line, the Central Pacific. "He [Governor Chase] says he will be governed by our advice mainly," wrote Henry Cooke to his brother Jay, November 3, 1866. "Good parties are strongly urging him to take the presidency of the Central Pacific Railroad, an office which is in no way political, which can in scarcely any conceivable way conflict with his official duties and the country is full of precedents. He is strongly inclined to accept but would like to know your views. I confess I am in doubt how to advise him, though I think I can see advantages to all parties, ourselves included, if he should take the position, yet I would prefer that he should act upon his own motion."

Mr. Cooke's advice is believed to have been adverse, and there is no record at hand to indicate that he himself had other share in any of the affairs of the companies working upon the middle route than the sale of a few of their bonds,—so few indeed that his name can not fairly be associated with the undertaking.

[1] Palmer to J. C., June 26, 1866.

He was also importuned to identify himself with the various Southern Pacific enterprises. Milnor Roberts, while he was in the West inspecting the affairs of the North Missouri road, or before, had made a report to Mr. Cooke concerning the "Southwest Pacific" railroad. The banker had not used the information it contained, little favoring the line and a party of capitalists and promoters headed by General John C. Frémont, the "Pathfinder," sought to secure the paper and enlist Mr. Cooke's financial influence in forwarding their schemes. E. S. Hubbard wrote to the Philadelphia banker concerning the Southwest Pacific and an allied organization, the Atlantic and Pacific projected from the state line of Missouri westward to California, to say that they purposed obtaining from Congress, at the approaching session, the "same endowment" which had been given to "the other Pacific railroad." "It is thought by the owners of the two roads, and I think properly so," wrote Mr. Hubbard, "that the name and influence of General Frémont in aid of these two projects will secure them. The result of the late elections has served to intensify the Radical sentiments of the country, and with that element in Congress and elsewhere the influence of General Frémont is second to that of no other man in the country. It will be readily seen that with such legislation the Atlantic and Pacific and the Southwest Pacific will be beyond the necessity of asking any aid, but such as they can command." [1]

In May, 1869, Oakes Ames, Governor Gardner of Massachusetts, and a Mr. Raynor visited Jay Cooke's New York house and urged the firm to sell bonds to the

[1] Hubbard to J. C., May 5, 1869.

amount of $4,000,000 for the New Orleans, Mobile and Chattanooga Railroad.[1]

Meantime President Banning of the Lake Superior and Mississippi Railway, who had also received little encouragement from Cooke, went to Europe to discover, if he could, a market for his bonds in the financial centres of the old world. He asked for letters to influential European financiers, but the trip was futile and left the road as friendless as before.[2]

For some time Mr. Cooke had been receiving visits from men of various degrees of wealth and distinction in Minnesota, and his interest in the Northwest was being intensified. In the past few years he had been increasing his holdings of land in the West, especially in

[1] Fahnestock to J. C., May 5, 1869.

[2] "I had quite an experience during some months' stay in London in financial circles there. I encountered first a profound ignorance on the part of the most intelligent English capitalists in regard to American enterprises, extending even to the want of the simplest knowledge of the location of our avenues of trade, either rivers or railways, and in short the geography of the country. Their losses growing out of investments in the Grand Trunk Railroad of Canada and the explosion of the Atlantic and Great Western scheme, added to their utter inability to judge between a good and bad enterprise in this country, has led them to avoid all investments except those based upon stock and bonds of completed roads paying dividends and showing assets that place the investment far beyond even the chance of loss or accident. After a short experience in London, I gave up all hope of negotiating the bonds until the road was built. But my trouble was more than this. I made a solemn agreement with 'The Financial Association' of London to the effect that if our enterprise was half as good as represented they would take it in charge, raise the money and build the road. They sent over their own agents and engineers, who spent some six weeks in Minnesota, made a thorough examination, reported to their principals in London at great length and in detail the merits of the enterprise, showing that the road would pay about twenty per cent. on the cost of construction, and that the lands would much more than build and equip it. But after all this they declined and even without an apology for not keeping their agreement,"— Banning to J. C.

Iowa, his Sandusky agent, Rice Harper, travelling over the prairies to select ground which might later be in request for town sites. Before the war had ended Mr. Cooke was a land owner in Iowa to the extent of several thousands of acres. He now sent Harper to Minnesota. In September, 1866, the agent went into the country lying along the line of the projected Lake Superior and Mississippi Railroad, and under the direction of Mr. Banning large tracts of land were selected and purchased for the account of Mr. Cooke, Mr. Moorhead and a few other men who were admitted to a share in the operation. Harper was to buy 64,000 acres of agricultural land scrip at the best market prices, choosing tracts covered with pine trees which it was anticipated would yield timber for the saw mills and a valuable product for the eastern lumber markets. He travelled for days in the wood, spraining his ankle and "wearing his feet out." and incidentally obtaining, in addition to the pineries, several parcels of good farming land near Duluth, which he said "must become an important point as the terminus of the road. It may not equal Chicago, but there must be a large town there within a few years after the road shall be in operation." He also found slate quarries so important that he thought they would "supply the whole of America for all time," and water power of great value in connection with the railroad, upon which subjects he duly reported to Jay Cooke. The rapids and falls in the St. Louis River, near Fond du Lac, he thought would insure the location there of great manufacturing centres made up of lumber and flouring mills and other establishments suggested by the natural resources of Minnesota.

In June, 1868, Mr. Cooke himself went to the head of the lake by boat from Detroit to inspect the lands which his agents had purchased for him, and to form his own judgments as to the future prospects of this richly favored and rapidly developing section. The old town of Superior in Wisconsin on Superior Bay, where he made his headquarters, had some three hundred inhabitants, having at one time before the war boasted a population of seven or eight hundred. It now presented a dilapidated appearance, many houses being untenanted. The place was owned principally by Southerners. John C. Breckinridge was one of these, and Mr. Cooke was told that the town had been founded after the repeal of the Missouri Compromise. A number of men wished to establish "a new watering place where they could be free to take their slaves with them," he says in his Memoirs, "deserting Saratoga, Newport and other Northern resorts where such an accompaniment as a slave was not permitted."

Duluth at this time contained but six or seven frame houses besides a land office and a school. It had no hotel, but was already a jealous rival of the other towns at the lake-head. "This place, Bayfield and Duluth," wrote Jay Cooke to his brother Henry, from Superior while on his Northwestern visit, "remind me of Sandusky, Toledo, Huron, etc., forty years ago, and the appearance of the towns is ludicrous, zigzag, rude, etc., and half filled with Indians."

There being no tugs or other modes of conveyance, visitors employed the Indians and half-breeds with their large canoes and paddles to propel them from place to place. "On my first visit to Duluth," Jay Cooke recalled

in his Memoirs, "there were floating islands moving about the bay, each wind changing their location. These islands were composed of portions of the shore that were undermined by the waves and would slough off and float about the bay until they became fastened to some of the other shores. I walked on one of these islands containing about five acres. Short scrub fir trees were numerous and the soil was of a soft and mossy substance, one's feet sinking several inches at every step."

Mr. Cooke returned from his voyage of discovery and inspection deeply interested in the Lake Superior and Mississippi road and very hopeful of its future value. He had by this time taken hold of the affairs of the company with all the earnestness of his nature. The Clarks joined him in the outright purchase of a large lot of Banning's bonds and in the autumn of 1868 Fahnestock and Henry Cooke, while in Europe, made diligent efforts in connection with Isaac Hinckley, who was at work upon the same project, to place a few millions of the road's securities with European bankers. They visited Morgan, Stern, Speyer, the Barings, the Rothschilds, J. K. Gilliat and Sons and other houses in London but received no encouragement for various reasons, the most important of which was the "apprehension that Napoleon and Bismarck had not yet settled their accounts, and that a great war must come before affairs can rest upon a permanent basis."[1]

The road had lately been reorganized officially and Robert H. Lamborn, who was elected secretary and treasurer, was established in an office at 424 Walnut

[1] Fahnestock to J. C., from London, October 3, 1868.

Street in Philadelphia.[1] To sell the securities of the company Mr. Cooke now resorted to the tactics which he had found so successful during the war, the widespread advertisement of what he had to offer to the public. He asked Sam Wilkeson, who was then in a publishing house in New York, which sold subscription works, such as Greeley's "Reminiscences of a Busy Life" and Beecher's "Life of Christ," if he would like to "increase his income." That man replied, "you bet," [2] and he at once went out upon a missionary tour among the newspapers to bring the people to a knowledge of Duluth, the timber and slate, the waterfalls and the wheat lands of the Minnesota wilderness, again being faithfully assisted by John Russell Young of the New York *Tribune*. Bonds were once more placed at the disposal of the newspaper men and attractive prospects were held out to them to their general gratification.[3] Wilkeson prepared a pamphlet in Mr. Cooke's favorite form of "Questions and Answers," so convincing that the writer himself wished "to go to Minnesota right off" which he thought was a proof that it would "bear fruit." This work finished, he was sent out to visit the Pennsylvania bankers, at Reading, Allentown, Bethlehem, Mauch Chunk and Wilkesbarre, losing flesh at the "Dutch hotels," while persuading moneyed men "to dip into Lake Superior." Mr. Cooke's methods were again instantly successful. On one day in the middle of March, 1869,

[1] The officers in 1869 were W. L. Banning, President; Samuel M. Felton, Vice-President; Robert H. Lamborn, Secretary and Treasurer; Executive Committee: J. Edgar Thomson, Samuel M. Felton and Isaac Hinckley. Jay Cooke and Company were represented by William G. Moorhead, who was a member of the board of directors and a trustee.

[2] January 29, 1869.

[3] Fahnestock's letter to the Philadelphia house, May 22, 1869.

$1,000,000 of the loan was disposed of through his various houses,[1] and on March 22d Henry Cooke wrote to complain that the entire issue was taken before he had a chance to scatter more than a few of the bonds among his customers at Washington. "Whew! what grand sales," wrote Jay Cooke at the end of the operation. "We could sell 40 millions just as well as 4 millions."

Mr Cooke now gave renewed attention to real estate in the Northwest, especially at Duluth. Rice Harper, who had returned to Sandusky, was again sent out in April, 1869, and instructed to make more investments in Minnesota. He proceeded to St. Paul and was there faced by the problem of going by stage or horse to the head of the lake. This journey was begun on a Wednesday morning. Harper did not reach Superior until the following Monday evening. The stage was stopped by the deep mud and the passengers were compelled to mount an open wagon in which they rode for two days in the midst of a storm. At Superior it was a week before he could cross the bay to Duluth, and then the boat landed its passengers one mile and a half from the new town, because of an ice jam. Harper was instructed to buy lots in the heart of the future city, where prices were already jumping,[2] land selling now at $600 an acre.

Early in 1869 General George B. Sargent decided to settle in Duluth. He had recently been a broker in New York at the head of the firm of Sargent and Fiske (Oli-

[1] Wilkeson to J. C., March 17, 1869.

[2] "Men are coming every day, some to purchase city lots, some to work on the railroad, and some mechanics to build the city. Every available place is filled and new shanties and houses are going up."—Harper to J. C. May 5, 1869.

ver Fiske). He had gone to Iowa in 1836 when there were "not 1,000 white persons in that state and was engaged there for nearly thirty years in the land business." He was a government surveyor in Illinois and Missouri and later Surveyor General of Iowa, Wisconsin and Minnesota. "I give it to you as my firm conviction," he wrote to Mr. Cooke on March 1, 1869, "that the terminus of your road on Lake Superior will attain a larger growth in five years than any city in the states above named in twenty. With this belief I go there to build up a general land business and with it such banking and exchange business as will naturally come to it—and to assist all in my power in every way in building up a city." He wished to take charge of Mr. Cooke's investments in Duluth and its vicinity and the result was a contract for joint account operations which were to cover five years. He was commended to Mr. Cooke by his New York partners and thus was begun a connection of much bearing upon the fortunes of the Northern Pacific Railroad and Jay Cooke and Company. Several houses, a church and a hotel were shortly got under way, Mr. Cooke sharing the expense, and plans for making the town go forward were actively prosecuted. In July Sargent said that 110 houses had been built since his arrival and the population was computed to be 1,000. In counting all their various purchases, Mr. Cooke and Mr. Moorhead together had become the owners of some 40,000 acres in and around Duluth.[1]

In connection with the Lake Superior and Mississippi Company, Mr. Cooke and his associates organized the Western Land Association to exploit Duluth and the

[1] J. C. to General Max Woodhull, August 22, 1871.

ailroad's various town sites and land privileges from St. Paul to the lake. Thus in various ways did he become pecuniarily interested in the much blessed state of Minnesota.

Washington was naturally still a centre of much interest, for many favors were required of the government n the construction of western harbors and railroads nd the opening of the untrodden empire that stretched way to the Pacific. Congress had set the example on he central route—and whether the adopted methods vere good or bad it brought the country visibly nearer o its ideal, a trunk rail line to the other coast. Similar nterprises must have similar aid, or as many benefits s could be obtained else they promised to be little profitble to their projectors. There was in Congress a bill pledging favors, principally land grants amounting in ll to 1,504,000 acres, to a line rivalling the Lake Superior and Mississippi and running from the St. Croix River to the lake with its water terminus at Bayfield. t lay east of Banning's line and it was important that he bill should be put into some one's vest pocket. Much pirited lobbying was required to accomplish this result, Wilkeson, Painter and several of the men in Mr. Cooke's Washington banks managing the operation very uccessfully. On April 5th the bill, to use Wilkeson's raphic language, was "whirled to the Land Committee y 85 to 41 on a call of the yeas and nays." He said hat his services were worth $500,000 to Banning and he Lake Superior company but he was willing to settle he account for $3,000 and departed the capital, leavng the next piece of Washington business, which consisted of an effort to secure an appropriation for the

harbor of Duluth, to be looked after by Henry Cooke.

Meanwhile those who had in hand the larger scheme for the construction of a northern railroad to the Pacific, were not idle and Mr. Cooke was being brought nearer and nearer to the point of allying himself with this gigantic enterprise. He was in no mood to determine upon anything rashly or hastily. In April, 1869, Edwin F. Johnson, the Northern Pacific's Chief Engineer who had had to do with the construction of the Erie Canal and who had been studying the route for several years, sent to Mr. Cooke, at the request of President Smith, a number of pamphlets, circulars and printed statements bearing upon the history of the road and the character of the country through which it was to run.[1] Johnson computed the whole cost of the work at $120,000,000. The timber for the bridges and sleepers would all come from the government land near the line of the road. The rails delivered to the company would cost $95 per ton, the ballasting $1,390 per mile and so on. The direct distance from the lake to Seattle was 1,418 miles. Deducting "the avails of the land grant," the net cost was set down at $85,000,000. When completed the road, Johnson said, would be "worth treble to its owners any other line across the continent." "I have no doubt," he continued, "that the northern route will cost more than the Union Pacific per mile. It will cost more from causes which will render the road itself more valuable. These causes are the extent and value of its timber and arable and grazing lands, from its being better supplied with running streams and its connection with extensive navigations, etc. These in conjunction with its advan-

[1] April 9, 1869.

tageous position and favorable alignment and freedom from obstructions from snows will add vastly to its relative importance and value." [1]

In May, 1869, Jay Cooke had practically determined to take hold of this great railroad project, if upon sending a party over the route for inspection their reports satisfied him that it was a feasible undertaking. "If successful," Henry Cooke wrote, "it would be the grandest achievement of our lives," and all the arrangements were made for a thorough reconnaissance of the ground during the coming summer. General Sherman was applied to for an escort of cavalry although he advised Henry Cooke "to be very cautious," since "that part of the country is almost inaccessible during seven or eight months of the year, and is barren and worthless, especially the Dacotah Territory extending over four hundred miles in width. If we are sure we are right we can then go ahead." [2] The General also stopped at Jay Cooke's New York office to talk to Fahnestock who wrote of the interview: "He is anxious to have you thoroughly understand the bad as well as the good points of the route. He says that from Fort Abercrombie at the Red River of the North to Fort Stevenson on the Missouri River, about 500 miles, the country is 'as bad as God ever made or anybody can scare up this side of Africa.' I write this word that you can see the importance of having this portion inspected by some parties upon whose report we can depend." [3] Thomas H. Canfield, of Vermont, one of the Northern Pacific managers, who with Henry Cooke made the arrangements in

[1] April 14, 1869.
[2] H. D. C. to J. C., May 21, 1869.
[3] Fahn. to J. C., June 19, 1869.

Washington for the military escort, proposed starting eastward from Vancouver to Fort Benton, thence by steamboat to Fort Stevenson, as the route of the road between these two points lay along the banks of the Missouri River. From Fort Stevenson they would go eastward to Lake Superior. If it were preferred there might be a second party which, starting from the lake, would meet the east-coming party at some middle point and this was the plan that with some necessary modifications was finally adopted. Henry Cooke employed himself also in trying to guarantee postal communication with the expeditions as they proceeded from post to post, but found that anything like a regular service even at widely separated dates was totally out of the question.

The party which was to start on the Pacific coast and come eastward was sent on its way over the new Union Pacific line in June. It comprised W. Milnor Roberts, who had lately been the government engineer in charge of the improvements upon the Ohio River; Mrs. Roberts, W. E. C. Moorhead, the son of William G. Moorhead; Sam Wilkeson, lately elected secretary of the Northern Pacific Railroad Company; Thomas H. Canfield, William S. Johnson, a young engineer, the son of Edwin F. Johnson, the chief engineer of the Northern Pacific, and the Rev. Dr. R. Bethell Claxton, an Episcopalian clergyman in Philadelphia, who, in common with so many ministers, was generously befriended by Jay Cooke. It was a tour of discovery. They were accompanied as far as Cheyenne by ex-Secretary Seward and his family and later met General J. K. Moorhead.[1]

[1] "I have returned from California and was much pleased with my

From Omaha Dr. Claxton wrote to John W. Sexton of Jay Cooke's Philadelphia house: "Omaha expects to be a great city but neither Mr. Moorhead nor myself have any desire to become permanent residents. It is a 'right smart' place and some of the horridest squaws and roughest backwoodsmen that I have ever seen are 'doing up' the town, but it must grow twenty years older before it will be eligible for anybody that can get away."

Roberts wrote Mr. Cooke about the engineering of the Central Pacific, Claxton of the religious condition of the country through which they passed and particularly among the Mormons at Salt Lake, while Wilkeson conveyed such information as filtered through the mind of a universal journalistic genius. Thus the church, science and the plain taste for kaleidoscopic observation were represented in the party, while young Mr. Moorhead went along for pleasure and adventure and Canfield and Johnson to make certain that all the good points of the route were seen and emphasized. There were some members of the expedition as Wilkeson remarked, "who ought to have been left at home" and as he felt much responsibility for the result he wished to be rid of noncombatants, wherefore Canfield was made the agent to drop the clergyman at the proper point, saying that he could not be returned to his home in time to take up his

trip. California is a great state, one of the wonders of the world. That the bounties of Providence should be so lavishly shed upon that territory both in mineral and agricultural wealth is indeed wonderful, but it is true. I travelled with your Northern Pacific party and from all I could learn on the Pacific coast I believe that will be the great road from the day it is opened. The Union Pacific will not be for many years."—General Moorhead to J. C., from Pittsburg, July 27, 1869.

lectures at a divinity school, while Wilkeson himself eliminated Mrs. Roberts from a trip "which a woman could not possibly have made unless she was born and bred a squaw." Naturally all had their complaints to send home to Mr. Cooke, especially Claxton and Roberts who were to suffer by the expurgating process, and much blame was meted out to Canfield who had neglected to provide passes, provisions, guides, arms and most of all the assurance of a proper military guard, Sherman's order covering only the eastern part of the line. Roberts under all the circumstances was on the point of turning back. "I do not suppose," he wrote to Jay Cooke,[1] "that I have less than the average courage of men, or that I have any great personal fear under any circumstances, nevertheless I am not disposed to rush foolishly or inadvisedly into danger." Wilkeson and his young attaché Moorhead, were in favor of going on in spite of the Indians and all the unknown obstacles of the route. The dissatisfied were conciliated and once it had left San Francisco the party was better composed, although Roberts's antipathy to Canfield was again and again reported to Mr. Cooke in "private" letters.[2]

As there was some hope on the part of the Northern Pacific men that Jay Cooke could be induced to swing a branch line down the coast into California, Canfield conducted the expedition overland from San Francisco to Portland. They went much of the way in stage wagons through wheat and fruit lands, admiring the soil, the climate and the various products of a favored country. Six

[1] June 22d from Salt Lake City.

[2] To J. C. from Camp No. 5, July 26, 1869. See also Roberts to Moorhead, from Helena, August 24, 1869.

hundred miles of the journey from the Feather River northward were covered behind horses. The party came to Portland in the midst of the Fourth of July ceremonies. They were warmly received by "the best citizens of Oregon" assembled in the city. George Francis Train was "the orator of the day." Canfield and Roberts were assigned to seats on the grand stand. Upon concluding his speech, Train referred to them and they were both called out by the crowd. "Had any one told me a month or so ago when I was in Portland, Maine," wrote Roberts to Mr. Cooke, "that I would be making a speech to several thousands of people on the Fourth of July in Portland, Oregon, I would have thought him demented." [1]

The president of the Oregon Steam Navigation Company now placed at the disposal of the party one of the finest steamers of his line for the trip to Puget Sound. On July 7th they sailed down the Willamette and entered the Columbia River. At Monticello they again took stages and proceeded to Olympia, the capital of Washington Territory, a "roughly built" town of about one thousand inhabitants through forests of monster trees which amazed them by their height and thickness. There they again boarded their steamer and sailed into and around Puget Sound "well called the Mediterranean of the Northwest." On July 9th, they were entering the "beautiful and spacious harbor" of Seattle. "Great interest," Dr. Claxton wrote, "was manifested by the inhabitants of the town who crowded the wharf to see the vessel and its passengers, our advent being understood to have some bearing on the construction of the much de-

[1] Letter from Portland, July 6th,

sired Northern Pacific Railway. Flags were flying and a salute was fired and Indians, Chinese and white men all seemed alive to what was deemed the importance of the occasion. . . . Some prophetic genius, I may add, has put upon his hotel a large sign entitling his house 'The Western Terminus.'" [1]

On the return trip to Portland a portion of the way was covered in a canoe propelled by Indians, the party of six being increased by Senator Corbett and George Francis Train and his secretary. On July 14th they were ready to leave Portland on their eventful voyage up the Columbia river, amid the grand scenery, seeing and remarking upon the Indians who caught salmon with barbs set on the ends of long poles and strong scoop nets, afterward drying the meat in the sun for their winter's sustenance, and all the wonders of the new country. They travelled in various boats designed for "climbing" the river. On July 17th they reached Wallula in Washington Territory near the mouth of the Snake River, and leaving their vessel at this point took a stage for Walla Walla through a parched and dusty valley. There the men spent several days pursuing their inquiries as to the resources of the country and receiving many agreeable attentions from the people of this little outpost of American civilization. The mayor and the members of the city council waited upon the travellers at their hotel and on Saturday night Canfield, Roberts and Claxton spoke to a meeting which was called together in the largest hall in the place to tell the people about the railroad designed to put them on the grand highway from the Atlantic to the Pacific.

[1] Claxton's report to J. C., August 10, 1869.

Canfield, who was greeted with "a perfect storm of applause," stated the object of the expedition, criticized Congress for the niggardliness of its grants, as compared with the great and valuable favors bestowed upon the central road, and assured the people that the line would be built in spite of opposition.

Roberts dwelt upon the ease and facility with which engineers could fix the route and Dr. Claxton followed with a witty speech that set the audience in a roar. He had come out to tell Mr. Cooke, "on the word of a clergyman which ought always to be good," what Walla Walla and the rest of the Northwest really looked like. He had come expecting to see icebergs and polar bears in a land of perpetual snow, he declared amid laughter, but he would go home in the belief that it was a tropical paradise.[1]

At this stage of the journey, Roberts complained of an attempt to influence his judgments. Canfield wished him to hurry back a report to Jay Cooke and Company although he was "resolved not to do anything in a hurrah boy's manner. What I write in that connection," he added, "must stand the test of future criticism and be carefully true. Mr. Wilkeson intimated to me that my friends, naming you also, expected me to make a very favorable report, even going so far as to say I 'must.' "[2]

On July 21st, the party of six on horseback with some Walla Walla men in carriages and mounted, accompanied by a caravan of pack mules, made a trip twenty miles northeast to Toucanon Creek up and down mountains whose slopes were rich grazing lands upon which

[1] From the Walla Walla, Oregon, *Standard* of that date.

[2] Roberts to J. C. and Co., July 16, 1869.

"millions of sheep and cattle might be fattened."[1] From this point Claxton started home by way of Idaho and Utah for a station on the Union Pacific, very reluctantly but with a conviction that his leaving it was for "the good of the expedition."

The other five men pressed on into the heart of the Rockies. On July 25th they reached Pine Tree Creek one hundred miles from Walla Walla, longitude 117 and latitude 47.20, and Wilkeson's enthusiasm was growing all the time in spite of his requests for Jay Cooke's prayers for his scalp. He had written after his visit to Puget Sound:

> There is nothing on the American continent equal to it. Such timber — such soil — such orchards — such fish — such climate — such coal — such harbors — such rivers. . . . And the whole of it is but the western terminus of our railroad. The empire of the Pacific Coast is to be enthroned on Puget Sound. Nothing can prevent this — nothing. . . . There is no end to the possibilities of wealth here. What can't be got out of the soil which sustains a growth of sawing firs and cedars 200 feet high, growing so thickly together as to turn daylight into dusk, so filled with undergrowth as to make the hunt of the deer a labor of Hercules? Salmon are not caught here, they are pitchforked out of the streams. Jay, we have got the biggest thing on earth. Our enterprise is an inexhaustible gold mine. There is no mistake about it.[2]

"I hear that Sam has found orange groves and monkeys in his route," wrote John Russell Young to Jay Cooke,[3] and it was to Wilkeson's fervid imagination as much as to anything else that the line and the

[1] "Fifty years hence a crowded population will find ample subsistence where now all is solitude."— Claxton's Report to J. C.

[2] To J. C., July 11th.

[3] July 28th.

zone of country through which it passed was soon derisively denominated "Jay Cooke's banana belt."

At Pine Tree Creek he wrote:

> Never before have I seen, read of or heard of mountains of grass, yet here they are. Bunch grass is a combination in fodder form of timothy and oats. The sun cures it on the ground. What herds our road will fill the country with! Plough up this grass land and sow it to Milwaukee Club wheat. You are dead sure of 40, 50, 56 bushels of wheat way up to the tops [of the mountains]. . . . We are in a natural grass country 400 miles long north and south and 150 miles east and west. This domain is the chained slave of the North Pacific Road. It has got to work for it.

Gravel was scooped up in a bread pan from the bottom of Snake River and Jay Cooke's commissioners could see the gold glistening in it "with the naked eye." [1]

On July 28th the expedition arrived at Lake Pend d'Oreille, some seventy miles from the British boundary in the midst of a "vast wilderness waiting like a rich heiress to be appropriated and enjoyed," Wilkeson wrote to Mr. Cooke. Pend d'Oreille, thirty-five miles long and from eight to eleven miles wide was the "Lake George of the North Pacific Road." It was filled with salmon and speckled trout, seen swimming below through the clear water. Bears, elk, deer and all the fur-bearing animals of the "Hudson Bay Company hunt" came to the brink to drink.

The citizens of Montana greeted the men very warmly, accompanied them over long distances, "outfitted" them for crossing the passes, and accorded them every protection from harm within their means. In August, at Camp 16 on the Jocko River, they slept for the first

[1] S. W. to J. C., July 25th.

time under a tent; indeed it was only the second time that a canvas had been spread by the party, a proof of the dryness of the air and its pleasant summer temperature. From Camp 15 on the Jocko River in Montana Territory, latitude 47.20 and longitude 114.10, W. Milnor Roberts had written to Mr. Cooke on August 8th: "Hundreds of thousands of cattle may be fattened on these plains from the bountiful provision of nature, as cheaply as in any part of the world, not even except the pampas of the Argentine Confederation."

In Deer Lodge City which they reached on August 12th about twenty-four days out from Walla Walla, travelling on horseback at the rapid rate of twenty-four miles a day, supported by a good pack train "the evangelists of the rail" received much attention.[1] The expedition crossed the Rocky Mountains by two routes, through the Mullan Pass which would require tunnelling and the Deer Lodge, the summit of the latter being reached on a grade "as imperceptible as that of Broadway between Canal Street and the St. Nicholas Hotel." "Not a flake of snow fell in the pass in the last winter," said Wilkeson in a letter from Helena on August 19th.

From Camp 21 on August 14th after they had crossed the Deer Lodge Pass, Mr. Roberts wrote to Jay Cooke:

> The Deer Lodge Valley is charming and presents highly favorable ground for a railroad all the way to the summit, about forty miles above Deer Lodge City. . . . The approach to the Deer Lodge Pass on both sides is by a very gentle grade far more smooth and valley-like than any mountain divide I have ever seen. In fact, to me it has proved one of the most wonderful objects that I have ever encountered in my long engineering experience. No one unacquainted with the fact could by

[1] From the Deer Lodge City paper of August 13th.

possibility imagine that he was crossing a mountain of any kind, much less the great backbone of the American continent. The approaches are by gentle slopes which are treeless, and carpeted with the finest bunch grass to the very summit. It is so flat that it is rather difficult to determine by the eye where precisely it is. But the most remarkable fact connected with this Divide is that the miners have cut a ditch across the summit which conveys the water of Divide Creek from its course on the eastern slope of the mountain over to the western slope, where they use it in their mining operations for gold washing. . . . I stood astride of the water passing from the eastern over to the western side of the Rocky Mountains, diverted from its natural outlet, the Gulf of Mexico, to flow into the North Pacific Ocean. . . . I call this grand larceny, stealing water from the Atlantic to pour it into the Pacific.

And this is not the only striking feature [Mr. Roberts wrote from Helena on August 17th, continuing his observations]. The approaches of the Divide on both sides are so gradual that we trotted to the top with perfect ease in our two-horse wagon containing four persons and our baggage and sleeping blankets. . . . The Divide is nothing more than a gentle plain covered with nutritious bunch grass, and usually cattle feed on it all through the winter without any housing and get fat. . . . The Mullan Pass is of a different shape from the Deer Lodge Pass; it is not so gradual on the Pacific slope and is quite abrupt in its descent on the Atlantic slope.

From Helena the party proceeded to Fort Benton, named for the indomitable man who figuratively speaking died with the name of the Pacific Railroad upon his lips. This was a ride of 150 miles. At Fort Shaw Canfield obtained from the general in command the promise of seven soldiers with horses and rations, to meet the party at the crossing of the Dearborn River and proceed with it to Cadotte's Pass, another possible route for the railway. Each man had a seven-shooter car-

bine and a six-shooter pistol. At this point Roberts found that a tunnel even longer than at the Mullan Pass would be needed and they then went back to the stage line, there taking a coach to Helena. The waters of the Missouri were too low for navigation, and a meeting with the west-going party in Dakota, or elsewhere, was therefore impracticable. After a trip to and inspection of the Bozeman Pass the travellers were ready to return to civilization. Young Moorhead being invited to accompany General Sully who in a few days was going about seventy miles up the valley of the Yellowstone to establish a new Indian agency was left behind, but the rest proceeded to Virginia City which they reached on September 3d, and then south by stage 387 miles until they intersected the Central Pacific at Corinne. There they took a train for Omaha. "The whole distance travelled counting from New York back to New York," said Roberts, "will sum up over 9,000 miles by railroad, steamers, stages, wagons, mules, horseback and canoes, to say nothing of walking." [1]

The Helena *Daily Herald* truthfully remarked after interviewing the members of the expedition: [2]

> The result of this extended reconnaissance, aided by information systematically obtained from the most intelligent men on the route, has been to confirm the gentlemen of the party in their faith that the region they have examined is exceedingly favorable to the construction of a line of railroad, that its climate is exceptionally and wonderfully favorable to uninterrupted operation of a road in winter, and that the resources of the region altogether exceed their most sanguine expectations, and will yield way traffic to every mile of the line. One of the party

[1] To J. C., September 6, 1869.

[2] August 17th, 1869.

expressed his opinion that the road when in full operation will pay ten per cent. dividends, and that in twenty years after it is opened it will in parts require to be double tracked. Where the road will be located none of these gentlemen know, nor is it their business to determine. That is for the engineers to decide after an instrumental survey of the country on the shortest line of travel, the best grades and over the richest soil.

The westward going party was headed by the president of the Northern Pacific company, J. Gregory Smith, and included Philip W. Holmes who was the specially detailed representative of Jay Cooke and Company, being an intelligent and trusted employee of their New York house; A. B. Bayless of New York; Governor William R. Marshall of Minnesota; several Congressmen, a Boston newspaper correspondent, and a writer of books for young people, Charles Carleton Coffin; a few ministers with their wives,— all taken together a badly encumbered company for an exploring expedition in a country chiefly inhabited by the Sioux Indians. Governor Smith left the East on July 2d and elaborate and expensive preparations were made for the comfort of the excursion party. It was fitted out by George Brackett of Minneapolis. The train consisted of "ten double wagons and twenty-six splendid horses." There were four two-seated passenger spring wagons with the necessary baggage and provision vans, carrying everything that could be needed by the travellers during an absence which was to cover sixty or seventy days. The party was provided with two hospital tents and eight wall tents with cots, mattresses, carpets and other camp luxuries. Two cooks accompanied the expedition, while guns, ammunition, fishing tackle and other equipment calculated to contribute to the convenience and

pleasure of the journey gave the tourists opportunities for enjoyment entirely denied to Roberts, Wilkeson and their companions who were sleeping on the ground under the blue sky on the other side of the Rockies.[1]

Smith's party found a railroad completed from St. Paul about eighty miles up the Mississippi to Sauk Rapids just above St. Cloud, the outfitting and departure point for the Red River and the Hudson Bay country trains, and the government supply caravans bound for the western posts which dotted the Indian lands. This was Becker's St. Paul and Pacific and it was headed for the western seas by way of the Red River valley through British territory. The party's first camp was pitched three miles west of St. Cloud where all the tents were blown down in a fierce thunder storm and men and women were drenched to the skin. Their first Sunday was spent at "Camp Jay Cooke" about fifteen miles west of St. Cloud. They proceeded up the Sauk Valley southwest for about twenty miles, then northwest about forty miles to Sauk Centre. They then travelled south of west to White Bear Lake and the town of Glenwood, amid fertile lands still awaiting the settler's cabin and plow. From this point the tourists went north, spending several days among the small Minnesota lakes and on July 19th were camped on the Red River near Fort Abercrombie, about fifteen miles north of Breckinridge, a government post for the oversight of the Indians and a resting place for the thousands of teams which passed to and from Pembina, Lake Winnipeg and the Hudson Bay Company's territory. This expedition had with it, in the person of Mr. Coffin, the master of a style almost as ex-

[1] Minneapolis *Tribune*.

travagant as Sam Wilkeson's. He wrote for the Boston *Journal* under the name of "Carleton." From the camp near Abercrombie he described the Red River valley:

> The eye alone resting upon it can take in the features of this remarkable region. It is a sea of verdure. We ride now through tall rank grass and now through a garden bed. Our horses trample remorselessly on lilies, roses, wild flax, morning-glories and petunias. . . . The dead level of land reaches on and on to the rolling prairies of the upper Missouri. The Red River and all its tributaries are fringed with timber, and aside from this line of trees there is absolutely nothing for the eye to rest upon except the bright carpet which nature has unrolled upon the floor of this magnificent palace. . . . Lay a ruler on your map, draw a line from the Mississippi River at St. Cloud to Pembina on the Red River close to the boundary line and you have west of that line a region which to my mind comes nearer the Garden of Eden than any other portion of the earth. There are no mountains, but there are undulations, gentle swells, parks, groves, lawns, lakes, ponds, pellucid streams — a rare combination of beauty and fertility which will make it in coming years one of the fairest portions of the earth.

The latitude was that of Paris, the climate beatific, the wheat fields as marvelous as they have since proven to be. Such land—such vegetation—such rivers and lakes—dazzled the eyes of all the eastern members of the party.

> Think of it, young men [wrote "Carleton" to the Boston *Journal*]; you who are measuring off tape for young ladies, shut up in a store through the long and wearisome hours, barely earning your living. Throw down the yardstick and come out here if you would be men. Can you hold a plow? Can you drive a span of horses? Can you bid good-bye to the theatre and turn your back upon the crowds in the street? Can you accept for a while the solitude of nature, bear a few hard knocks for a year or two? Can you lay aside paper collars and kid

gloves and wear a blue blouse and work with calloused hands? Can you possess your soul in patience two or three years and hold on your way with a firm purpose? If you can, there is a beautiful home for you out here. Prosperity, freedom, independence, manhood in its highest sense, peace of mind and all the comforts and luxuries of life are awaiting you.

So enticing were his descriptions that parties of young men, it was said, were organizing "all over Massachusetts and Vermont" to go to Minnesota.[1]

At Dakota City on the banks of the Red River where the travellers were encamped on July 22d—the "city" containing one house and a population of fourteen persons, a French Canadian named Merchand, his Indian wife and their twelve half-breed children—the party divided. Governor Smith and several others took a native guide and returned, making a circuit through the Otter Tail country to Lake Superior—they "had difficulty in finding language to express their admiration," of what they saw as they passed along[2]—while a group headed by Governor Marshall and Holmes continued westwardly to the "Big Bend" of the Missouri. They left the Red River on July 22d with an escort of nineteen soldiers, commanded by Lieutenant Kelton and four Indian scouts mounted on Indian ponies, who went ahead through the high grass scouring the prairies for savages. They penetrated the Sioux country among the buffalo into the land against which Mr. Cooke had been warned by General Sherman, returning safely at the end of the summer with no accounts but those that were calculated to strengthen the resolution of the great Philadelphia financier.

[1] Geo. C. Thomas to J. C., October 4, 1869.
[2] Banning to J. C., August 3, 1869.

But not alone by the reports of these travellers did Jay Cooke make himself a master of the history and prospects of the Northern Pacific Railroad enterprise. Henry Cooke supplied him with all the charts and reports of the coast survey and other government bureaus, descriptive of the country through which the way of the road would run. Geological, war office, land office and other maps soon surrounded Jay Cooke and his outreaching mind was absorbed in the details of his great undertaking. He read Lewis and Clark, Stevens who had made the early government surveys and the works of the old French explorers. He exhausted the book stores for written accounts of the land to which his interest carried him. He applied to John J. Cisco for exact information concerning the cost of the Union Pacific Railroad. He asked his Washington men to give him a history of the legislation bearing upon the construction of the road and the nature of the lobby which supported Thaddeus Stevens who introduced the original bill in the House on May 23, 1864, which passed it in July 1st of that year, and at later sessions modified and extended the conditions of the grant. Mr. Cooke was also in receipt of advice from all descriptions of men regarding the line of the road, very many acting from motives which were far from disinterested. They wished the rails to cross their lands, serve their prospective towns and in various ways minister to their private gain.

Mr. Cooke's name was now linked with the Northern Pacific Road in all the newspapers. Men who wished telegraph, run locomotives, dredge harbors, build bridges, sell iron, populate wildernesses with emigrants

from the lap of plenty in Europe and start newspapers to advocate his interests in the Northwest besieged him.

Chief Justice Chase wrote on August 24, 1869: "I should like to be in the Board of Directors as to which I suppose there will be no difficulty, and am half tempted to offer myself as a candidate for the Presidency. I think I would make a good President and my antecedents and reputation would justify a good salary. It would take me out of public official position which don't pay except in slander and misrepresentation." [1]

Jay Cooke's name again spelled fortune and if he could but be induced to say the word, Minnesota and the great zone lying west of it would at once blossom as the rose.

Meanwhile the Lake Superior and Mississippi road, with whose fortunes he was already definitely identified, was the subject of much public interest. The contractors were steadily progressing with the railhead both north from St. Paul and south from the lake and it was announced by Jay Cooke and Company in a circular to their customers on August 2, 1869, that fifty miles, or about one-third of the line, were then completed and ready for the running of trains. The iron for the entire road had been purchased and was being delivered. Nearly 2,000 laborers were at work and it was expected that passengers and freight could be carried from the capital of Minnesota to Lake Superior early in the year 1870. In October the date of completion was set for-

[1] Regarding this suggestion by Mr. Chase, Wm. G. Moorhead wrote to Jay Cooke: "I think the Chief Justice had far better retain his position at the head of the judiciary. He would find it much more difficult to manage a railroad than to distinguish himself where he is. I think Mr. McCulloch would make a first-rate business man in connection with that road as trustee, president, or at the head of the land office."

ward to the summer of 1870 [1] because of the unfavorable weather and the difficulty of procuring suitable workmen, especially on the section of the road nearest the lake.

Jay Cooke was using all his agencies to favor and forward the enterprise. When he had once committed himself to a project his approval was unqualified and his zeal knew no alloy of any kind. He went about a thing, to use a favorite phrase of his, "man fashion." He told Chief Justice Chase that "nothing could be better" than the Lake Superior gold-bearing sevens,[2] and he was striving with all the might of his nature to make the investment doubly safe for those who accepted his invitation to embark in it. English colonizing agents were employed to place settlers upon the lands adjoining the road, a combination of American railway companies being formed to furnish cheap and direct passage for European immigrants arriving at the Atlantic seaboard.[3]

In the summer of 1869, while the Northern Pacific parties were in the field a large company of persons, principally Philadelphians, were taken to St. Paul and over the route of the road as far as it was finished. Included in the number were S. M. Felton, the Vice-President of the company, Isaac Hinckley, J. Hinckley Clark, George Burnham, Robert H. Lamborn, George C. Thomas, Walter Hinchman, J. D. Winsor, Dr. S. Weir Mitchell, Dr. Pancoast, Edward Hoopes, N. B. Browne,

[1] Lamborn to J. C., October 17, 1869.
[2] Chase to J. C., August 24, 1869.
[3] Circulars of Gilead A. Smith of London, November 27th and December 11, 1869.

all of Philadelphia; Pitt Cooke of New York, S. L. Thurlow of Wilkesbarre, J. T. Trowbridge the author, and a number of others, many of the gentlemen being accompanied by their wives and daughters. The guests were met at St. Paul by President Banning and were shown many polite attentions. On August 12th they boarded a train and went up the road fifty-two miles to Rush City, which consisted of an unfinished railway station in a clearing in the forest, where they dismounted to find awaiting them "a caravan of eleven coaches and wagons." The thirty-five originally composing the party had their number increased to fifty by accessions at St. Paul, and they now plunged into the woods in which they were hidden from the world for three days. "How shall I describe to you our experiences," wrote one of the travellers. "It was the roughest, pleasantest, most agreeable, most terrible, muddiest and most miserably romantic journey on the whole which any of us had ever undertaken. . . . Now a horse was down, now a king bolt broke, then some part of the harness gave way. Often a wagon stuck in a hole and had to be lifted out by strong hands at the wheels and a driver at a sudden jolt left his seat and, describing a complete summersault forward, alighted on his back in the mud face towards Heaven and pipe in mouth still industriously smoking. . . . The road beat, I verily believe, in utter unmitigated badness all the bad roads not altogether unpassable since the deluge." [1]

The party slept in tents which they carried with them and in the canvas covered wagons, as might be preferred, Arriving at Fond du Lac the tourists with their ladies

[1] Duluth correspondence Philadelphia *Inquirer,* August 16, 1869.

vere conveyed down the St. Louis River in two small teamers brought up by a committee of citizens headed by General Sargent and Luke Marvin to "the wonderful new city of Duluth." They were entertained at the houses of leading residents, one of whom tendered them a "hop" with music by "colored citizens from St. Paul and Minneapolis," but not daring the return trip by stage the party went home by boat by way of Marquette and Green Bay.[1]

Amid all the engagements which pressed upon him by reason of his interest in the development of the Northwest, Mr. Cooke still gave a care to government funding operations under the new Secretary of the Treasury Boutwell. He was also still concerned regarding the question of a return to specie payments. Before Boutwell was yet installed in office there were a number of spiteful parting flings at McCulloch and Cooke. Congress revived the proposition to prohibit "secret" sales and purchases of bonds and gold coin, which had been approved in one house as a result of Logan's virulent campaign at the last session. Henry Cooke at first thought that the attacks were instigated by a conviction that Jay Cooke was to be the next Secretary of the Treasury. His foes, whoever they were, wished to discredit him and failing in this to tie his hands upon coming into control of the Department. In vain did he seek to trace the enmity to its source. He regarded the attacks as "outrageous and ungrateful." [2] Petitions were presented in Congress asking that the power of the Secretary should be restricted and unfriendly newspapers

[1] From the Duluth *Minnesotan*.
[2] H. D. C. to J. C., January 25, 1869.

joined in piping a tune that the crowd could dance to gaily. At one time Henry Cooke laid the blame at the door of "the soreheads of Wall Street," and again the hostile Drexel interests were loaded with the responsibility because of the Philadelphia *Ledger's* unremitting criticism. In its issue of February 17, 1869, the *Ledger* speaking of Senator Conkling's bill to prohibit "secret sales" remarked:

> Indeed it may be said that no other measure is supported with so near the approach to unanimity among solid business men, there being no opposition to it except so far as it may come from those who do not look to the public interest, but to their own private advantage in maintaining the existing system which gives them a monopoly of the mischievous manipulation of the public funds.

Reading this article and having no social relations with Mr. Childs Mr. Cooke at once sat down and wrote to Anthony J. Drexel as follows:

Dear Toney:

Do you think if I should start a newspaper, or rather own one, I would permit its editors and conductors to persistently and constantly misrepresent and injure the position of a neighbor and life-long friend?

The enclosed article is but one of a series of wicked and malicious misrepresentations of facts, and I cannot think it true, as some think, that they are instigated by my old friends, Drexel and Company. As ever, yours sincerely,

JAY COOKE.

To this communication A. J. Drexel replied immediately (February 17th):

Dear Jay:

I have just received yours of to-day's date. . . . Now I want you to understand that, although we have an interest in the

Ledger, I entirely deny that I, or any of Drexel and Company, ever interfere or influence the course of that paper in any way, and so you can always assume that anything you see in that paper is not, as you do us the justice to think, instigated by Drexel and Company or by any member of the firm. Have you ever seen anything in the *Ledger* in favor of any bonds we sell or in our favor in any way? I took that ground from the day we became interested in the paper, and will always stick to it, and I have quite enough to do in my own business. As to the article in question . . . I can't see any attack on you in any way. . . . The article simply attacks the system of secret sales, which 99 per cent. of the business men of the country condemn and in which I fully concur. . . . I will make it my business to see Mr. McKean on the subject, and in the meantime let me assure you that there is not the slightest disposition on the part of the *Ledger* to misrepresent facts or to allude to you in any way, etc., etc.

Very sincerely your friend,

A. J. Drexel.

The next day William V. McKean wrote to Mr. Cooke to corroborate Mr. Drexel's own statement and to say that the latter did "not in any way control or interfere with the editorial direction of the paper, but studiously abstains from such interference, and as to the particular article you refer to neither Mr. Drexel, nor any other person except the editors and printers of the paper knew anything about it until it appeared in print."

These denials, all things considered, were not very convincing to Mr. Cooke, since Mr. Drexel had declared in the most positive way that he agreed with the policy of the *Ledger,* expressed surprise to learn that Jay Cooke and Company were still engaged in this wicked business, as he must be inferred to be since the bill repealing the system seemed to be a matter of so much importance to

him, so that beneath the open expressions of friendship there is a feeling by him who reads the correspondence that the relations between the rival houses were not better than at a previous day. The impression was not improved when the *Ledger* in its money article the next day spoke of the opponents of the "secret sales" bill as the "stock jobbing ring of gamblers in gold and bonds who have little regard for government credit and indeed for anything except their own personal profit." Mr. Cooke's friends of the Philadelphia *Inquirer,* responded in that paper, defending the system of "secret sales:"

> The bill [Conkling's] principally represents the jealousies of brokers and bankers who have never been employed by the government in its financial operations and who resent at once the injury of neglect and the loss of coveted profits. . . . If there are advantages in announced sales of gold and bonds to meet the public requirements they [the President and the Secretary of the Treasury] should be left free to pursue them. If greater benefits can be obtained by making the sales without announcement the public interests require that the Secretary of the Treasury should be able to attain them. He should be left wholly untrammeled and free to take his choice of the two financial methods.

John Sherman wrote Jay Cooke that he was opposing the measure "to fetter the new administration" [1] but he thought the bill would pass. It did not, but in deference to public opinion in favor of the overthrow of the whole system which was a development of the war and could be maintained no longer Secretary Boutwell began his administration by openly announcing his programme as to purchases and sales. Jay Cooke and Company through their New York house still had a hand in the

[1] February 24, 1869.

public operations when Mr. Boutwell authorized them, always as they declared and many times proved by the market statistics more costly than secret transactions. When the Department advertised its intentions openly beforehand dealers and speculators combined to make the purchase or sale as advantageous to themselves, and as disadvantageous to the government as possible.

The management of the Treasury during this period was not satisfactory to Mr. Cooke. He wrote to General A. B. Nettleton on September 23, 1869, returning to "the flippant statement so constantly made by the New York *Herald* and repeated all over the country" in regard to "Jay Cooke who believes a national debt is a national blessing," etc., etc., saying again that he never had said or believed that it would be a blessing unless it were rightly managed, and he added: "Our national debt in my view has not been rightly managed and therefore all this trouble in relation to it."

On July 20, 1869, Mr. Cooke wrote to Secretary Boutwell very plainly as follows:

Dear Sir:

Since your advent, to the Treasury Department there has been inaugurated many a change in the treatment of national banks, and none in my humble judgment that creates more ill feeling and criticism than your refusal to allow these institutions a reasonable latitude in the exchange of their securities held for circulation or deposits. Perhaps you are not aware that this fault is found with your action in this particular. As a large number of national banks originally organized by our influence and exertions depend still on us to advise them in business matters, and frequently desire through our firm to substitute one kind of national bonds for another, I am at a loss to account to them for a refusal on your part to do that which would both benefit the banks and the Treasury. Surely a little extra trouble

upon the part of the officers of the Treasury, or a trifle of expense in the printing of bonds, or the mere desire of avoiding changes should not be sufficient to thus disregard the original and long continued plan and practice of the Treasury. I therefore fear that there is some legal objection or impediment in the way and shall feel under obligations to you if you will inform me why (beyond the mere dictum of its officers) the Department will not freely extend the national banks the privilege in this matter of exchange originally enjoyed by them. I wish this information that proper steps can be taken on the reassembling of Congress to free the Treasury from any such legal impediments as may now exist, for I cannot doubt that so large and important an interest as that of the national banks will then be freed from such unnecessary and injurious restrictions . . .

With great respect, your obedient servant,

JAY COOKE.

Jay Cooke's views upon the question of resumption had undergone no change and he wished the step to be taken at the earliest possible day. The practical evils and disadvantages were great, to say naught of "the disgrace of this long maintenance of bankruptcy." He gave his views in 1869 to General Nettleton who was then the financial editor of the Chicago *Advance* and the article which followed, "Why, When and How to Resume," since it was known to reflect the well known financier's opinions attracted general discussion. It began:

Specie payments necessarily suspended in 1861–62 should have been resumed as soon after the close of the war as the government could have funded the bulk of its demand obligations. Then most of our people were comparatively free from private debt, the nation was filled with jubilant confidence, the South was ready to accept the situation, gold fell to 125, and everybody was expecting the country to reassert her position in a financial as she had in a military way. . . . The difficulties of resumption have seemingly increased instead of dimin-

ishing. The problem still confronts us, and will still confront us, until solved in accordance with common sense and sound principles of finance. Thus far not a single step has been taken toward resumption by government, banks or people.

The article said that the paper currency was "a false standard of value." "Every consideration of good faith and national pride," the writer continued, "require the prompt inauguration of measures for placing ourselves among the specie-paying nations of the world." Resumption should take place on the first day of January, 1872, about two years hence, within which time the proper coin reserves could be accumulated, and the people could make all their arrangements for the change of standards. One hundred millions of the greenbacks should be retired and to avoid disastrous contraction the same amount should be added to the national bank circulation. Greenbacks should be always convertible into coin at the New York Sub-Treasury and bank notes into coin or greenbacks at the option of the bank issuing them. The writer (always speaking for Mr. Cooke whom he had consulted on these points) said that in his opinion the government could resume with $100,000,000 of coin in the Treasury to the accumulation of which he saw no great obstacle. Let the gold be borrowed in Europe if it were not forthcoming through the regular channels.

The details of the plan were worked out with a great deal of care and the scheme included Mr. Cooke's favorite "sliding scale tariff" by which duties on imports would be raised as the premium on gold fell, so that the affairs of the manufacturers should not be deranged. Nor did the article neglect to insist upon the enactment

of legislation to fund the debt into bonds bearing a reduced rate of interest, a measure for which Mr. Cooke did not tire of contending amid so many charges that he was impelled by selfish motives in that he wished to negotiate the resulting loans, a measure which was now at last soon to be enacted in some form, if not exactly as he would have desired. "But in order to fund the debt with any advantage to ourselves," the article concluded, "the national credit now so hopefully improved must culminate in resumption; our bonds must reach par in gold and the world must be convinced that we intend to pay our debts honestly in the money of the world."[1]

This essay was the signal for another exhibition of public rancor and ignorance. Perhaps John Sherman expressed a truth when he wrote to Nettleton: "I like your object—specie payments—but the real difficulty is that the great body of the people don't want specie payments."[2] E. G. Spaulding, "the father of the greenback," wrote to Jay Cooke from Buffalo on September 16th:

> It [the article] contains many valuable suggestions, but I have no very strong faith in the action of Congress favorable to resumption, for the reason that the speculative and debtor class, a probable majority of the people, do not want resumption. They prefer a cheap currency and the present low standard for carrying on their trading operations. I have very distinct views on this subject, but so long as the present feeling exists among the people and in Congress I fear resumption is a long way off, unless the Supreme Court abrogates the legal tender clause.

[1] Chicago *Advance*, September 2, 1869.
[2] Nettleton to J. C., September 4, 1869.

The real essence of the financial wisdom of that class of the people to which Sherman and Spaulding referred was tasted in the letters, several of them anonymous, which now came to Jay Cooke. "Your letter that was in the press about recommending to Congress to resume specie payments in 1871," said one of these wise men, "is, I think, a great mistake, and would do great injury to the country. When the time comes that the country is able to resume it will be time enough and to attempt even to talk about it before the time will do great harm. . . . To talk or think about bringing specie payments before at least ten years would be a sin against high heaven. Now, if you are a true lover of the liberty of the country and a friend of the poor and business man, you would pray to Congress to give the people more money," etc., etc., etc.

The existence of two standards of value, gold and paper, was rapidly leading the country to a most serious crisis which culminated on Friday, September 24, 1869. Since the abolition of the system of "secret sales" which Jay Cooke and Company had sought to maintain as a feature of the policy of the Treasury Department, the Secretary announced his movements in advance. The sales as a rule were regular in volume. Observers of the market knew perfectly well that it was being manipulated by a clique in New York city who congregated in the Gold Room, as they had done during the war when they were not inaptly dubbed "General Lee's left wing in Wall Street." It was not difficult for the knowing to guess, as the premium on gold rose in 1869, that the movement was directed by Jay Gould and James Fisk,

Jr., the latter being a New England peddler who, conducting his business like a circus manager with brightly painted wagons and richly harnessed and sleek horses, came into Wall Street late in the war, living in barbaric gorgeousness.

Gould and Fisk had leaped into control of the Erie Railroad and in 1869 made large purchases of gold at 130 to 135. They nicely calculated just what policy Secretary Boutwell would pursue regarding his sales.[1] The price rose above 160 largely because of frightened bear interests and seems to have passed the mark set for it by the "conspirators." [2] Boutwell, in response to the requests of Jay Cooke and others for his intervention, had repeatedly stated that he would not raise his hand to change the natural course of the market.[3] The Philadelphia financier made a final statement on the subject on September 24th, in a letter to his brother Henry:

If I were George S. Boutwell, Secretary of the Treasury, I would not allow pride, or any fear of "changing of front or policy" to influence me, but would at once adopt what was good and wise in McCulloch's policy. The business people of this land must have stability or we will become a nation of gamblers. This fluctuation daily in gold, unlike that in stocks or other things, affects everything else. Boutwell ought to have an announced policy to this effect — that gold shall not go above 33 1/3, or 40, or 45, or any other figure to be fixed by him from time to time. It would not be necessary to get rid

[1] Boutwell *Sixty Years in Public Affairs*, Vol. II, pp. 164 *et seq.*

[2] Investigation into the Causes of the Gold Panic. Report of the Majority of the Committee on Banking and Currency, March 1, 1870, J. A. Garfield, Chairman.

[3] "Not many days since that gentleman [Boutwell], with a superfluous parade of purity and superior virtue, as well as genius, declared that he would not heed the gold gamblers and that what was done in Wall Street was 'none of his business.'"— New York *Herald*.

of large lots of gold to accomplish this, but the gamblers would have some one stationed over them and be told that if they dared to combine to run up the premium, the government would use its whole power to prevent it. My theory is that the government should long ago have come back to specie payments by funding and other bills — by doing something practical. Failing in this it is their duty to keep things steady for the benefit of the honest interests of the country till it (the government) forms some plan and actually gets us out of this disgraceful and damaging position.

On this very day, Friday, September 24th, however, the premium had risen so high that, upon consultation with the President, Boutwell sent word to New York as publicly as possible, ordering his agents to sell $4,000,000 of gold and take in that amount of bonds. There was a panic instantly, gold falling from 162 to 133 in fifteen minutes. Business was suspended indefinitely in the Gold Rooms in New York and in Philadelphia, where the indicator (resembling a time board at a race course) was shrouded in a death's head and cross bones, while buyers and sellers of this "Black Friday" were left to agree at their leisure upon a basis of settlement for their mad transactions.

"I never want to see such a day again," Fahnestock wrote from New York. It was regarded as "one of the worst panics in the history of the Street." In Philadelphia nothing like it had been seen since the failure of the Bank of Pennsylvania in 1857. The declines in several leading railway stocks in New York were as follows:

	September 1.	September 29.
New York Central	205¼	145
Hudson	187½	128

Harlem	160	117
Cleveland and Pittsburg	108	82
Chicago and Northwestern	86¼	62
Michigan and Southern	106¼	74½
Pacific Mail	80¼	55

Mr. Cooke had much advice for Secretary Boutwell upon this occasion, little of which was taken. It was stated by "Jim" Fisk in the Congressional investigation which ensued that Jay Cooke and Company were interested in the short side of the market. But it was not seriously argued that they were engaged in gold speculations and no such charge could have been substantiated by any one. Mr. Cooke's influence through the war and afterward always lay on the side of a reduction of the premium upon gold, and he consistently labored in the public interest to prevent the vacillations that were so disturbing to regular business pursuits.

An intimate view of Mr. Cooke as the great, sincere, heart-whole man that he always was, with some insight into his mind as it was influenced by the political disorders of the time, is gained in the following letter to George C. Thomas, who was in charge of the Philadelphia house during the "Tycoon's" absence in Sandusky. The letter is as follows:

Sandusky, October 2, 1869.

Dear George:

I telegraphed you on arrival last evening, for Charlie's information more particularly.

I was glad to get your telegram stating that matters were doing better. Still I am not at all certain that the worst has come. These cogs breaking generally upset the machinery and smash things pretty well, and no one can tell what the end of it is till it comes. I think, and have thought for months, that, con-

sidering the wicked want of honesty in high places and in all political circles, that the question of our debt is one which (most of the other issues having been killed off by the war and this new one created by it) would be the bone of contention, and this is the reason why unprincipled men dare to talk of such dishonest things as "repudiation," "payment in greenbacks," etc., etc. Why, my faith in the great majority of Republican leaders is so weak that I feel sure that if they thought more votes could be secured by adopting an "out heroding" policy á la Pendleton, only ahead of his in atrocity, they would do it — so few are bondholders, so few are honest that the cry of plenty of greenbacks and easy times may at any moment be seized on by them. Grant is the power, the glorious honest man in their path, and were it not for him I should not hold governments at par as things now stand. If elections in Ohio and Pennsylvania go Democratic, look out for a tumble. I am not sure of Ohio, still I think it will go 8,000 or 10,000 for Hayes. Pennsylvania is very doubtful.

If you can work off our governments at 18 I would let them slide.

I am almost killed by my first two meals at mother's. Oh, how nice it was to wake up in old Sandusky this morning. Show this letter to Charlie and Sexton. Tell Charlie if he has not yet started to bring little Lollie's doll. It is in Sallie's room in a bureau drawer. Don't fail. If he has left, have it carefully packed and forwarded by express. Tell Robert to be sure to attend to the Young Men's Christian Association on Wednesday night. Also tell Mr. Hughes to preside.

Yours affectionately,

Jay C.

CHAPTER XV

THE NORTHERN PACIFIC RAILROAD

As was very clearly foreseen, the first impressions of Mr. Cooke's principal partner, William G. Moorhead, were unfavorable to the great railway project. He had opposed the war loans and he exhibited the white feather in most emergencies, so that what he thought or advised was of little consequence to Mr. Cooke, and seldom gave direction to the course of the firm. Anyhow, his mind was positively certain to undergo a change after a few days, especially if it came in the meantime under the intoxicating spell of the partner by whom he was carried along so irresistibly.

Mrs. Moorhead, Mr. Cooke's sister Sarah, had died after a long and painful illness and he almost at once married again. He was spending the summer of 1869 abroad, interrupting his honeymoon with visits to the European bankers, after which he would send home letters rich in advice. His first attentions were bestowed upon the London branch of the house of Rothschild which, it was hoped, with its own great wealth and its influential connections, could be persuaded to assist in the construction of the railroad.[1] Moorhead was not a very sanguine negotiator, since he said: "I do not believe we will find a house in Europe (such as we would be willing to connect with) that will take a joint interest

[1] Moorhead to J. C., July 22, 1869.

with us in this enterprise. . . . I have thought over this measure and am clearly of opinion that we ought not to touch it without first securing the co-operation of a party quite as strong as we profess to be.[1]

Jay Cooke was ready for just such cooling *douches* and he aimed to warm his partner to the attack. He replied characteristically, while transmitting a definite proposal for the Rothschilds:

August 13, 1869.

Dear Wm. G.:

I send herewith a proposition for Rothschilds. You can say to them that I can put this through without their aid, but it would not be so profitable to us and would be more labor and take a longer time, and perhaps not inspire as much confidence.

Dear W. G., this is a big thing. You must not dally about it, but take off your coat, and if necessary bring the London Rothschilds over with you. I know I could convince them if here. You observe I have promised to take five millions if they will. On this plan I can readily get every dollar of it subscribed in thirty days (should R. and Company go in), retaining any portion we might wish to keep and letting the balance go to those who would willingly pay us a large bonus, enough perhaps to clear our interest.

I have hundreds of applications. Governor Geary wants $50,000 and will pay cash. Governor Chase ditto. The Hardings, Clarks, Sherman, Senator Cattell and his clique; Judge Field and his clique; and in fact it is as nothing to get our share made up. I can get thousands to take hold at once. It is wonderful to see how universal is the feeling in favor of it. Judge Kelley is just in and wants a chance and will pay his cash. He is just from Puget's Sound. I have lots of Canadians writing and calling. I expect some of their high officials to see me in a few days, having already corresponded with prominent men. I tell you I am busy night and day about this great mat-

[1] July 27, 1869.

ter, and you must second me. Read this to Cora [the second Mrs. Moorhead] and she will make you do as I say, old fellow, for she is as quick as a flash and knows I speak the truth.

I send George Thomas's letter, and a statement of Fisk and Hatch's, showing how gloriously the Central Pacific is paying even now in its infancy, and it don't begin to compare with what we will do on North Pacific.

I expect in a few days an interview with some Chinese merchants of great wealth and power. Have you seen Burlingame? It would be well to find him, and talk it all up with him. You can say to Rothschilds that we will take care of Belmont's share and this present connection, if made, shall include possibly the funding of our national debt and untold sums — perhaps the transfer of our government deposits from Barings to Rothschilds, etc. I write in haste,

Yours affectionately,

JAY COOKE.

"Your proposition will put the matter in a new light. Wm. G. must not be disheartened or expect to finish the thing up at one sitting," Fahnestock wrote to Mr. Cooke on August 17th. "It is a big negotiation and one that must take time and patient pushing and study. If we can't get foreign aid, such as this, we can build it as the Kansas Pacific; but in that case we must take in only men who have cash to put up and to spare, who will not oblige us to carry for them at all. My own impression is that before this is through you will have to run over the water for a few weeks. You can, better than any man I know, influence those old money bags, and make them understand what America is and what is the capacity of the West." Again Fahnestock wrote: "Their [Rothschilds'] acceptance would insure our success and make it easy, and, moreover, would insure us a life-long connection with the greatest house in the world, giving

s a controlling position in all the large negotiations of-
ering. We can afford to work hard and patiently for
his. I follow up your letter to Wm. G. with one to-day,
etting forth the general business advantages to them
f such a connection here, and giving them an idea of
ur present American business without any foreign con-
ection." [1]

The negotiations in London were tedious, Mr. Moor-
ead meantime establishing himself in expensive apart-
ments, as befitted a representative of the first American
anking house while it was seeking an alliance with the
reatest banking house in Europe. He believed that if
oung men controlled the firm of Rothschild he might
ucceed, but they did not, and the older heads were hard
o reach, and slow to make resolves. "You would be
urprised," he continued in a report to Jay Cooke, "how
ttle these great bankers know of our country,—less
han you know of China or Japan."

Moorhead carried the pamphlets and reports concern-
ng the Northern Pacific Railroad to the old Baron, who,
ith his four sons, considered the proposal at great
ngth; but on October 11th Jay Cooke got a cablegram
hich said that the negotiations had "utterly failed."
The old gentleman said they never engaged in anything
hat required risk or trouble in the management," Moor-
ead explained by course of post. "This, he regarded,
volved both. . . . He is determined, and no
ower in America or England can change his mind."

Mr. Moorhead had earlier contemplated an appeal to
arings and other great European banking houses, if

[1] August 16, 1869.

the Rothschild negotiations failed, but he was now entirely discouraged and beyond a little talk with E. D. Litchfield, who had been successful in marketing in Europe a few millions of dollars' worth of the bonds of the St. Paul and Pacific Railroad, nothing more was done by him in behalf of the enterprise. He not only despaired on his own account, but was convinced to a certainty that all attempts by others would fail similarly. He wrote: "No man or set of men coming from America can negotiate these bonds at this time in England, Germany or any other part of Europe. This I will guarantee. I state it as my opinion, formed after mature deliberation and with all the information on the subject which my being here could furnish." He wished to withdraw from the firm on January 1, 1870, if Mr. Cooke persisted in his determination to proceed with the railroad to the Pacific Ocean, and would have nothing whatever to do with the enterprise.[1]

Fahnestock, although earlier apparently in favor of the project, now expressed his doubts about the wisdom of the firm's proposed course. The project, he said, was a "huge one." The securities could not be sold in America.

> Europe is now flooded with bonds offered by every little Dutch house with whom we should have to compete, unless backed by a great house whose recommendation would give them preference. . . . However valuable the lands may be, people will divide 100 million bonds by 1750 miles and call it $58,000 per mile, whereas the Union and Central have issued only $16,000 to $32,000 per mile, and many other roads much less. . . . One thing, remember: the company cannot af-

[1] W. G. M. to J. C., October 15, 1869.

ord to have us decline the negotiation. If you decline it no-body else will dare to touch it. It will be killed dead. There-fore you can make your own terms and time. . . . Our advices from the Continent are that not only are dozens of new American railroads offering, but Russia, Turkey and every other country is projecting new securities. Remember, we must con-tend with the prejudice existing here and there against the other Pacific railroads; the bad odor attaching to the Union Pacific, whose bonds have sold down from 100 to 85, etc., etc.[1]

The situation in Europe was not improved by much unsavory business laid at the doors of various agents of American railroads, who were offering stocks and bonds in the European markets. General John C. Frémont, who was the sponsor for the Southern Pacific, it was alleged, had himself, or through others, placed upon sale in Paris securities of the Memphis, El Paso and Pacific Railroad, claiming a land grant and government guarantee which had not been secured. Such repre-sentations led to the appointment of a commissioner, who came to the United States to make a report upon the affair to the French Minister of Finances, and to much advertised proceedings in the courts. After such experiences conservative houses in Europe were dis-posed to have nothing to do with American railroads which were not yet built, and were skeptical indeed of those whose tracks were really laid, unless they had beheld them with their own eyes.

Nowhere in his own firm did Jay Cooke find enthusi-astic support of the Northern Pacific project outside his brothers Pitt and Henry, for whose advantage, as he himself said, and as they afterward generously admitted, the work was in large degree undertaken. Henry

[1] To J. C., September 18, 1869.

Cooke welcomed it as an opportunity to recoup his impaired fortunes. The contract with the company would afford new duties for the Washington house. With or without Europe the prime consideration was government aid,—if possible, a money subsidy or a guarantee such as the first Pacific road had received; if not a wide belt of public lands. In October Henry Cooke had seen Speaker Blaine, who said he was confident that material assistance could be got from Congress, probably $8,000 to $10,000 per mile in United States bonds which should be issued as the work progressed.[1] Blaine urged, however, that the legislation should be had prior to the signing of the contract with the company. If it were known in Congress that Jay Cooke would undertake to build the road should the government aid him, and only in that case, the influence would be much more salutary than if it were noised about that he would build it anyhow.

Jay Cooke proceeded in his own way and in his own time, without being very greatly influenced by the favorable or unfavorable advice of his partners, or the importunities of the managers of the company whom Mr. Moorhead was not far wrong in regarding as "a lot of speculators." They were investing little or nothing in the enterprise on their own accounts, and had not much to lose by its failure. They had various rights and franchises of value, it is true, but if Jay Cooke were to decline their proposals they could take their road to other financiers with little hope of finding a sponsor for it. They had several strong names in their group, such as William B. Ogden, President of the Chicago and Northwestern Railway;

[1] H. D. C. to J. C., October 16, 27, 29, 1869.

George W. Cass, a nephew of General Lewis Cass, closely identified with the Pennsylvania system; J. Edgar Thomson, President of the Pennsylvania Railroad; William Windom, as a representative of Minnesota, not so well known then as he afterward became through his political successes; William G. Fargo, B. P. Cheney and several officers of Wells, Fargo and Company; but these men were not important factors in the management. What Mr. Cooke wished for, and upon that did he mainly rely, was the assurance that the road was feasible as an engineering problem. Milnor Roberts came on to Philadelphia in the autumn of 1869 with his report still incomplete. He was given a room at "Ogontz," where, from the copious notes he had taken while on horseback and in the mountain camps, he finished the paper which was the guide to Mr. Cooke. The financier had implicit confidence in his engineer and the correctness of the conclusions of Mr. Roberts's report has never been questioned by anyone. The general route for the road, the ease with which it could be built, the value of the lands through which it should run, the future development of the country, were all accurately foreshadowed, and they corroborated Mr. Cooke's faith, soon to be pledged to the project unreservedly. In the railroad connecting Lake Superior with the Mississippi River and at Duluth he had interests which required connections with the other ocean, and personal advantage, as well as public sentiment and scientific judgment, pointed the way over the Rocky Mountains.

Mr. Roberts, after describing the travels of himself and the members of his party in a plain and honest way without the tropes of the promoter, made an estimate of

cost by an entirely feasible route, nearly two thousand miles in length—from Lake Superior to the Mississippi, to the Red River, to the Missouri, up the valley of the Yellowstone to Bozeman Pass in the Belt Range of Mountains, over the Deer Lodge Pass of the Rocky Mountains, by Clark's valley to Lake Pend d'Oreille, and by way of the Columbia and Cowlitz valleys to Puget Sound. He believed that the construction of the line would cost $70,120,000, carefully reckoning the demands of each division, to which he added over $2,000,000 for stations and shops along the route, and $3,615,000 for rolling stock (including 120 locomotive engines, 210 passenger and baggage cars and 1,500 freight cars). He also added $2,000,000 for the cost of a branch into Portland and $7,230,000 for the interest on bonds while the road was in process of construction, making a total of $85,277,000, or an average of $42,638 per mile.

"I have purposely made no allowance," he continued, "for the reduced cost which may be brought about by the introduction of Chinese labor. It is well known that a large amount was saved in the construction of the Central Pacific and Union Pacific Railroads by the employment of Chinese. It would be more or less hypothetical to assume on this account an important reduction of the amount of the estimate, and I prefer that yourselves and others should judge it."

The sums, as Mr. Roberts observed, were less than those of Mr. Johnson, who for twenty years had advocated the construction of a railroad by this route, but he was not deterred on that account. He said:

> In my opinion, an increasing commerce with Asia and with foreign countries in general with the city or cities at the western

end of the railroad will have the effect of very rapidly augmenting the population of the Pacific slope, not merely or principally by immigration from Asia, but chiefly by emigration across the continent — the overflow of the redundant population of the Atlantic states and of Europe. The peopling of these vast areas in the Columbia valley, abounding in the elements which will yield a liberal support to millions of inhabitants, will open up an entirely new field for the world's industry, thus adding largely to its general trade and commerce. . . . The Northern Pacific Railroad route is advantageously situated for the early development of a very extensive area, reaching far into the British possessions on the north, and presenting a clear field to the south of millions of acres of land adjacent to it, to be made a feeder to this line by means of branch roads. The valley of the Red River, which runs almost due north into Canada, embracing one of the finest wheat regions in the world, will of itself forever insure to the eastern end of the road a profitable trade and the construction of a north and south railroad through the Red River valley, connecting the main trunk with the region around Lake Winnipeg, will add largely to the business of the Northern Pacific line.

Mr. Roberts believed that the road could be completed in three years. "It is safe to assume," said he, "that the immense landed property of the company as a body in connection with valuable town sites and water powers, will ultimately be worth much more than the entire cost of the railroad." The mountain passes upon this line being lower than those through which the central road made its way to the Pacific, there was evidence to show that the route "in ordinary winters" would be "much less encumbered with snow." Looking to the future Mr. Roberts said:

But a few years will be required after the completion of the Northern Pacific trunk line to secure what may be termed local trade and travel sufficient to sustain the road irrespective en-

tirely of any through business. The position across the continent on the shortest practicable railroad distance between the Pacific Ocean and the Great Lakes of the Atlantic side points to this line as one of vast importance in a national point of view, the value of which to the government cannot easily be overrated. The facilities it will afford for the rapid and economical distribution of troops, ammunition and stores for the numerous forts on the waters of the Missouri and the Yellowstone, and along the valleys of Clarke's River, Columbia River and on Puget Sound will constitute an invaluable military arm, and will save millions annually to the public treasury. . . . The opening of this road will forever settle the question of white supremacy over an area of country covering at least 450,000 square miles, sufficient to make ten states the size of Pennsylvania.

In conclusion, I would state as the result of these explorations and investigations, after much reflection and fully appreciating the responsibility devolving upon me as the engineer selected by you for the duty, that the Northern Pacific Railroad route, with the land grant secured to the company by the government, possesses great intrinsic value and will be as a whole a remarkably favorable line in all important respects; a line which, if judiciously located, honestly constructed, and properly administered, will pay within a few years a fair dividend on its cost. I had apprehensions that personal investigations might disclose material, or possibly vital errors in some of the anticipations induced by former reports. The result, however, has been in the other direction and I am constrained by the facts to present an estimate of cost essentially lower than those previously submitted by the able chief engineer, and I offer it confidently as reasonable and reliable.[1]

Such accounts were very well calculated to appeal to the financier who had patriotism, sentiment and imagination in that part of his being which in other men is so often given up to doubt and fear. While the blood ran cold through the veins of Moorhead and Fahnestock, Jay

[1] Roberts's Preliminary Report, dated Philadelphia, September 25, 1869.

Cooke's always pulsed with warm life. He had hope, confidence and sympathy. During the summer he had been buying considerable amounts of the old stock of the Northern Pacific Company, which was a football of the "street" at twelve to fifteen cents for the dollar's worth with a view to putting it out of the way for his future operations. Finally, in December, 1869, he definitely declared that he would take the agency for the sale of the company's bonds, his commissioners having made the "necessary explorations," and he being "fully satisfied" with their reports. If the Rōthschilds would deny their aid, other sources of wealth and credit could be opened in Europe and applied to the advantage of the great scheme. He could appeal to the American people as so often before; at his bidding they would lay their hoards at his feet. For some months he had been cogitating a plan for the formation of a "pool" to raise about $5,000,000 with which to begin the road and carry the railhead to Red River. When Congress saw that the work was really begun the government, if the rest of the world failed him, would come to the assistance of the road and give him pecuniary assurances which would prevent defeat.

At the announcement of the financier's determination to confirm the contract there was great rejoicing among the directors and officers of the road assembled in New York. "I flung my hat to the ceiling," wrote Sam Wilkeson to Jay Cooke on December 22d. "Smith and I congratulated each other's arms off, nearly, with protracted and increasingly furious hand-shaking. 'Tis a great event for your house. 'Tis a blessed event for our country. For the road completed will bless our country

beyond the possibility of any other agency. It will populate a wilderness that stretches across the continent. It will plant civilization in the place of savagery. It will augment the national wealth beyond the dreams of the wildest economist."

The agreement was dated January 1, 1870, and, turning to the great skin of parchment, its many sheets being bound together with ribbons of red, white and blue silk, we discover the terms upon which Jay Cooke and Company were to serve as the financial agents of this railroad. By the preliminary agreement of the 20th day of May, 1869, which was not to be binding upon the firm until "they shall make such explorations and such surveys of the route at the expense of the company as shall satisfy them that the enterprise is meritorious and feasible," a number of points were established:

(1) The interests in the company theretofore represented by twelve shares, used to maintain the organization and protect the charter, should be increased to eighteen, the additional six being assigned to Jay Cooke and Company, who would be entitled to select two members of the board of thirteen directors and two members of the executive committee.

(2) Of the whole capital stock of $100,000,000, $80,001,000 was to be subscribed for by the holders of the eighteen shares in equal portions, $124,500 going to each at once, and $54,000 additional to each upon the completion of each twenty-five mile section of the road. The rest of the stock, $19,999,000, was to be issued to Jay Cooke and Company as a bonus. Whenever the firm sold $1,000 worth of the bonds it should receive $200 of stock.

(3) The company was to issue $100,000,000 of thirty year bonds, bearing interest in gold at the rate of 7 3/10 per cent., which were to be secured by a first mortgage on the railroad and all its lands and other property, then owned or afterward to be

acquired. The bonds should be received by the company at all imes in payment for its lands.

(4) Jay Cooke and Company were to be the sole fiscal agents of the railroad company and the bankers of its funds. No bonds could be disposed of by the company in any other way or through any other agency. Balances above $50,000 should draw interest at a rate not to exceed 5 per cent.

(5) Jay Cooke and Company must advance $500,000 as required by the railroad for its construction and equipment account, "or to a greater amount if hereafter agreed upon," receiving one-half per cent. per month for such use of their credit, the loan being amply secured by bonds placed on deposit with the firm.

(6) The bonds were to be sold to Jay Cooke and Company at 88 per $100.

(7) The amount paid for the six shares which were assigned to Jay Cooke and Company was to be a credit on the books of the firm for use in introducing and popularizing the loan.

(8) During the construction of the road no land was to be sold by the company at less than government prices, $2.50 per acre. The proceeds of all such sales were to be deposited with the trustees of the road before granting a conveyance or release. The moneys so received were to be invested in the first mortgage bonds of the company whenever these bonds could be purchased at a price not exceeding $110 per $100. There were other provisions for conserving the interests of the company in the lands. At no time should the proceeds of land sales be used to pay the interest on the bonds.

(9) To facilitate the negotiation the fiscal agents, under the direction of the Executive Committee, might purchase iron, rolling stock and other material and equipment needed by the company.

(10) The company's bonds could be used at the rate of 88 per 100 to pay old claims and to retire the outstanding stock, 600,000, at a rate not exceeding fifty cents on the dollar, barring 0,000 shares originally issued and forfeited for non-payment of he assessments levied upon it.

Jay Cooke now supplemented this preliminary agreement with several provisions which made the contract very much more favorable to him and his firms, as follows:

(1) The railroad was to be located at once from a point on Lake Superior near the mouth of the Montreal River in Wisconsin, westwardly. It should cross the Lake Superior and Mississippi Railroad at the Dalles on the River St. Louis, in Minnesota, and proceed to the Red River.

(2) For the present the construction of that portion of the road east of the Lake Superior and Mississippi line was to be deferred, and the moneys which were raised should be devoted solely to work west of that line.

(3) The Duluth and St. Louis River land companies were to convey to the Northern Pacific company one-half of all the lands and water powers owned or controlled by them at their original cost, making a free gift of ground at the junction with the Lake Superior road and at Duluth for the necessary station houses, shops, docks, etc.

(4) The eighteen shares into which the whole interest was divided were increased to twenty-four, of which Jay Cooke and Company were to receive twelve.

(5) The bonds issued to retire the $600,000 of stock of the company at fifty cents on the dollar should be issued at par instead of at $88.

(6) A land company was to be organized in connection with the railroad to own and improve town sites, etc., whose interests should be divided into twenty-four parts, Jay Cooke and Company receiving twelve.

(7) Five million dollars were to be raised within thirty days to enable the company to commence and complete at once its line to the Red River.

(8) The increase in the number of shares made the $80,001,000 divisible as follows: $93,400 to each share immediately and $40,500 to each upon the completion of each section of twenty-five miles.

The agreements were signed by Jay Cooke and Company in Jay Cooke's bold hand and "for the Northern Pacific Railroad" by J. Gregory Smith, President, and R. D. Rice, G. W. Cass, A. H. Barney, W. B. Ogden, J. Edgar Thomson and William G. Fargo, members of the Executive Committee.

Mr. Cooke was now ready for the task of his life. Moorhead, after his storm of epistolary opposition, wrote that he was "quite satisfied" with the plan, as it was to be modified in the supplementary agreement.[1] He would "most cordially co-operate in the enterprise," [2] and as Mr. Cooke's brothers, Fahnestock and the other partners seemed now to be entirely agreeable to the firm's identification with the undertaking, every effort was at once put forth to raise the $5,000,000 with which to build the line to the Red River. The "pool" which Mr. Cooke had long meditated and whose success he carefully assured by provisions in the supplementary agreement with the company was the child of ingenuity. It called for total cash subscriptions of $5,600,000, of which $5,000,000 were to the bonds and $600,000 to the stock, the whole amount being subdivided into twelve shares to correspond with Jay Cooke and Company's twelve "interests" in the company. Each share therefore called for $416,666.67 in bonds and $50,000 in stock. These twelfths were divided and sub-divided to suit the tastes and means of the various subscribers, involving very difficult arithmetical computations to those who were without the pale of Mr. Cooke's inner confidences.

[1] W. G. M. to Fahnestock and Pitt Cooke from Paris, December 15, 1869.

[2] W. G. M. to J. C., December 21st.

In consideration of its early and useful service the "pool" members were assigned their proportionate interests in the stock of the company adhering to the twelve shares, or $40,000,000, to be distributed as the road proceeded on its way to the Pacific, amounting when the work should be finished to about $3,400,000 for each one-twelfth interest.

This great bonus to the members of the "pool" was supplemented by another. The land company provided for by Jay Cooke's contract with the Northern Pacific company to possess itself of, hold, develop, and speculate in lands, town sites and water powers on the line of the road, called the Lake Superior and Puget Sound Company, was capitalized at $2,400,000. It also was divided into 24 shares. Twelve of these were allotted to Jay Cooke and thrown into the "pool" subject to the call of the company for assessments upon the stock which were to be made from time to time. Further to complicate matters and with a view to identifying the Northern Pacific with Duluth, this company soon took over 2000 shares of the Western Land Association of Minnesota at $60 per share and divided the interest into twenty-four shares, Jay Cooke and Company holding twelve of these in trust for the "pool." Each subscriber of three twenty-fifths of a one-twelfth interest in the "pool," $56,000, a favorite sum, received therefore $50,000 in Northern Pacific bonds, $6,000 in Northern Pacific stock, $12,000 in Lake Superior and Puget Sound Company stock and $600 in the stock of the Western Land Association, besides the proportionate interest in the $40,000,000 of stock reserved for future divisions. The subscribers to the $5,600,000 "pool" pledged them-

selves not to sell their bonds. The installments were payable in tenths beginning in March, 1870, and continuing once a month for ten months.

It was a simple matter to find the capital for an operation promising so many rich advantages, and the rapidity with which the interests were taken argued well for the future of the great enterprise. Edward, Clarence and J. Hinckley Clark had been asked in October to join Jay Cooke and Company in building the Northern Pacific, and they had earlier led him to suppose that they would assist. They replied now, however, that they were deeply involved in the Lake Superior and Mississippi road and they must make no more investments in that quarter. If those they had in hand worked out well they would all be "rich enough" to satisfy their "cravings."

But there were few who refused the invitation to join in the cutting of this great "melon." It was soon regarded as a compliment to be asked to subscribe to the "pool," and no efforts were spared to foster this idea. The operation in Mr. Cooke's eyes served two very important purposes, first to secure a large sum of money for the immediate use of the company, whereby a section of the road could be completed and the appertaining lands could be obtained from the government so that he could offer bonds to the public at the earliest day; and second to gather about him and closely identify with the fortunes of the enterprise leading financiers, politicians, journalists, brokers whom he hoped to use as sub-agents, and men of many kinds whose influence would lighten the task of general bond selling at later stages of the road's progress. He asked his strong financial friends to go into the thing "man-fashion," taking two-twelfths

or more on his own account. Thomas A. Scott and J. Edgar Thomson of the Pennsylvania Railroad took large interests for themselves and their friends. General J. Kennedy Moorhead was of the greatest assistance to Mr. Cooke in and around Pittsburg. He subscribed largely for himself and brought in William Thaw, Charles I. Clarke, William McKnight, William Phillips, Lloyd and Black and many other capitalists. Among the subscribers were Schuyler Colfax, Vice-President of the United States; Baron Gerolt, long the Prussian Minister to this country; Governor John W. Geary of Pennsylvania, General Robert C. Schenck, General H. S. Sanford, Senator T. J. Robertson of South Carolina; Hugh McCulloch, General Max Woodhull, Judge Brewster and Judge Paxson of Philadelphia, Dr. S. Weir Mitchell, F. A. Sawyer and W. S. King. Chief Justice Chase felt that he would be obliged to decline. "Though the prospect of future profit is very inviting," said he, "it is rather too remote for one who does not expect to live longer than I do. I wish I could be connected in some way with your magnificent undertaking, but I do not see how. Perhaps something may occur." [1] Mr. Cooke offered to carry the bonds for a time—as he did for many whose influence he thought would be valuable to him—until they could be sold at par when the bonuses would be turned over free of cost. Chase wrote in response to this proposal: "I am getting rather too old to look forward to results of grand undertakings which require ten years for the ripening of their fruits," but he accepted the offer "with thanks." He continued, and ended his letter as follows: "I am fully aware what a

[1] Feb. 4, 1870.

busy man you are. You really amaze me by your activity, energy and achievement." [1] He thought that if Mr. Cooke's expectations in regard to the Northern Pacific were only "half realized," his "wish for means to buy a suitable house would then be fulfilled." [2] The Chief Justice visited Duluth in the summer of 1870, when he wrote to Mr. Cooke: "Hurrah for the Northern Pacific! I wish I was able to take four times as much as has been assigned to me. This is your greatest work. The world will be astonished by it." [3]

Governor Rutherford B. Hayes, of Ohio, if he were not in the "pool," had the opportunity to invest in lands at Duluth. Wilkeson employed himself in New York in an attempt to place the names of Henry Ward Beecher and Horace Greeley upon the subscription list, with some pleasing concessions to them as to the time and manner of paying their installments. Beecher was to have $15,000 and Greeley $20,000, both being reckoned first rate powers in influencing the public mind to favor the new railroad.[4] Beecher's aid included the use of the *Christian Union* newspaper to which Wilkeson contributed a series of articles highly eulogistic of the Northwest. John W. Forney was given $4,666.66 for the support of the Philadelphia *Press* and the Washington *Chronicle*. General Horace Porter, President Grant's private secretary, accepted a similar offer "with alacrity." [5]

[1] March 26, 1870.
[2] Chase to J. C., August 24, 1869.
[3] July 1st [?] 1870.
[4] Wilkeson to J. C., January 31, 1870, and Fahnestock to J. C., January 25, 1870. At Greeley's death his interest was $10,000.
[5] H. D. C. to J. C., March 31, 1870.

In short there was a real scramble for shares on all sides, and much juggling of them was required for several months to come in order to satisfy those whom it was believed could, if they were properly "sweetened" materially aid the enterprise. Shares larger or smaller, in this "ground floor" pool interest were the prizes for which American and foreign sub-agents, newspaper writers and politicians actively contended. The roll of names from end to end was one of great distinction although pretty barren of leading New York capitalists.

On January 24th, Jay Cooke telegraphed Governor Smith at St. Albans that the entire $5,600,000 were subscribed. He and Judge Rice had asked for one million for themselves and their friends and now professed much disappointment. Jay Cooke told them that they were "too slow." There was to be no stopping for laggards in this operation. Late comers were advised that they could be accommodated only at a premium, the price of pool interests being run up to 110 although Mr. Cooke always had small shares (taken from his large reserve portion or secured by repurchase) which he could make over to those whose favor he particularly wished to secure.

The structural work in the field was pushed with like promptitude and the money, as it came in from the "pool" subscribers, was immediately invested in Minnesota. On January 21, 1870, Governor Smith wrote that several parties of engineers were making the necessary locating surveys around the Dalles to determine upon a suitable point for intersection with the Lake Superior and Mississippi Railroad. They were then directed to turn their faces to the west and find the best

route to the Red River. It was thought that the actual work of construction might be put into the hands of contractors on February 15th.[1] "Everything possible is being done to get the work started by the time you desire," Smith wrote to Mr. Cooke. It was designed that the engineers should be accompanied by land prospectors. William Windom, the Minnesota member of the Executive Committee, wrote to Mr. Cooke on February 1, 1870:

"The snow is too deep in the woods to make a thorough exploration of the country on each side of our line as contemplated by yourself and Governor Smith, but I have employed a few mèn who are accustomed to travelling on snow shoes to accompany the engineers."

General Ira Spaulding was appointed Chief Engineer in Minnesota and on February 15th, true to the promise, a telegram came from him from the Dalles of the St. Louis River: "Ground broke on Northern Pacific Railroad to-day. One hundred men at work. Hurrah for the great enterprise! I have six parties of engineers in the field. Shall push the work vigorously." There was "great rejoicing" in Duluth which now felt herself sure of the prize—the eastern terminus of the trunk line—though there were other towns still to contest her claims to the coveted distinction, and the public was left in the dark as to the company's eventual purposes. A wheelbarrow, a pick, and a spade used in moving the first earth were forwarded to Mr. Cooke to advertise the loan. "It is wonderful the amount of work you have done, and the results accomplished," wrote William G. Moorhead from Rome on March 19, 1870. "I admit

[1] Smith to J. C., January 21, 1870.

that you have effected more than any other person could in this N. P. enterprise, and the foundation has been laid for the ultimate consummation of the grand scheme. I know you have worked day and night with a zeal and confidence peculiar to yourself. Much remains before the final opening of the road to Puget Sound, but the same untiring efforts, with the ability thus far applied, will send the whistle of the locomotive to the Pacific shore."

Mr. Cooke's activity at this time was truly cause for the amazement of all persons. "I believe in it as I believe in God," Sam Wilkeson told a prospective investor in Northern Pacifics in New York City, and while Mr. Cooke's language was never marred by such irreverence, barring these scruples, his faith might have been truthfully expressed in similar terms. In addition to his interest in the Northern Pacific and Lake Superior and Mississippi Railroads—obligations which were daily growing—he contracted to sell a loan for the Iowa Central Railroad and formed a party, comprising the Clarks, Drexel, Borie, Welsh, Newbold and other Philadelphia bankers, to take and distribute $2,000,000 of Pennsylvania Railroad general mortgage bonds.[1]

It was very fully expected, as well as devoutly desired, that Congress would give the Northern Pacific a direct money subsidy ($1,250,000 "quarterly" beyond the Red River) or would guarantee its bonds, as it had favored the central line. The reasons for government aid were grouped under eight heads in a memorandum in Mr. Cooke's own handwriting, which is preserved among his literary effects. He argued that the government had a

[1] Contract dated March 18, 1870.

duty to perform in reference to the West and Northwest, and upon the slopes of the Pacific. The building and completion of the line would invite and encourage immigration and the colonization of a country now an unpopulated waste. It would help to solve the Indian question and promote civilization generally. It would afford means for the transportation of soldiers and supplies to the forts and the government posts on the frontier, and of propitiatory gifts to the northwestern tribes. The government land as represented by the odd numbered sections was now, and would be forever, valueless without the railroad. The construction of such a line would encourage and cause an increase in the production of gold, silver and other minerals, a matter of public concern. The revenues of the government would be increased, thus bringing back all it should invest in aid of this great public improvement.

Regarding the Indian question Mr. Cooke was enlightened in some degree by General Winfield S. Hancock, although his opinion as to the value of the railroad to the government as a line of communication with the northwestern forts was not materially altered by the correspondence. The General was stationed in the Indian country, had fully explored the Yellowstone valley, and rendered a report to the Secretary of War which had its bearing upon the railway problem. Jay Cooke wrote to Hancock for his views as to the value of the route to the government, and in the course of his reply he said:

In regard to Indian expenditures it is not seen that the construction of a railway into their country upon the line proposed will in any way tend immediately to diminish them; it will most

probably provoke their hostility, especially that of the Sioux, and lead to a war ending in their possible destruction. This war in the nature of things will occur before your road is in a condition to carry our supplies to any great extent unless large subsidies be paid them to purchase peace. Our experience heretofore has not been favorable to this course. The Missouri River furnishes us at present, as the military posts are situated, a cheaper mode of transportation than any other, if we are to take the Union Pacific Railroad as a criterion. The ultimate effects of any railway penetrating our unsettled territories will be to expedite settlements and the removal of the military and of the Indians, but it would be very unsafe to predict in this case that these things, so far as the Sioux are concerned, can be done without any increase of the present expenditures. In saying this much I do not wish to be understood as in any way underrating the immense advantages to the country, and to the Northwest especially, of another line of railway communication between the waters of the Atlantic and Pacific, for it is almost impossible to estimate them. In regard to the amount of expenditures made to the Indians north of the Union Pacific I have no data upon which to give an opinion; this information however can readily be obtained, I presume, from the Indian Bureau. Should work on the proposed route be prosecuted I need not say to you that it will receive the assistance from the military which you might expect from those taking a great interest in such a work. It will be our duty as well as our pleasure to give all the assistance possible.[1]

The Washington of that day from which must come the legislation needed by this railroad contained a hungry lobby. Statesmanlike arguments were naught to many of the men who at that time sat in the Senate and House of Representatives of the United States. They had long been indulged in the thought that there was much to be had from railway companies which asked for guaranteed bonds and land grants, and a bitter factional

[1] Hancock to Jay Cooke, January 11, 1870.

contest, largely conducted behind the scenes, was begun between the advocates of the railroad and those who opposed it, made up largely of narrow-minded partisans of the Union and Central Pacific Railroads, the Californians who favored San Francisco as against a possible rival metropolis on the shores of Puget Sound, and the Chicagoans who saw in Duluth a competitor likely to endanger their position of primacy, by no means so secure as it has since become. Furthermore the rivalries of Wisconsin and Minnesota, the first ambitious that the new terminal city should be situated on the site of the old town of Superior, and the other the advocate of Duluth, set the northwestern people themselves at cross purposes and the outlook was by no means fair or engaging to lovers of the higher statesmanship. Indeed, there could be no serene waiting upon the nation's law makers for favor or even justice in such a state of public commotion, and there was no thought of avoiding the issue in Washington. Many attempts had been made to involve Mr. Cooke in the various Southern Pacific lines. In the autumn of 1869 James G. Blaine spoke for the Little Rock and Fort Smith road, running 150 miles through Arkansas, with mythical transcontinental connections. This is the railroad concerning which he made such vehement denials in the House of Representatives, calling upon God as his witness in 1876, when he was a leading candidate for the Republican nomination for the Presidency. The company had a land grant of 1,600,000 acres, said Mr. Blaine, and he offered Mr. Cooke bonds and preferred and common stock representing a face value of $221,000 for $85,000. "The enterprise is a magnificent one of itself and it will lead to a

gigantic scheme beyond," he urged with a promoter's enthusiasm. "The construction of this road will lead to a profit of many millions and your coming in now will give you a large share if you desire it."

In a "strictly private" letter from Augusta Mr. Blaine wrote almost hysterically on November 10, 1869:

Do let me impress upon you with iteration and reiteration that what I now offer to place in your hands on such liberal and advantageous terms is the key to the entire Southern Pacific Railroad, the control of which will give you the sale of bonds amounting to fifty or seventy-five millions of dollars. If this opportunity is neglected by you it is impossible to foresee, much less control, the mutations and combinations that may arise at once in other directions. Bonaparte, you remember, lost his great and final battle by carelessly neglecting to secure the advanced position of Quatre Bras. What I now offer you is the Quatre Bras of the southern continental railroad. That secured the field of Waterloo is yours — yours without a struggle. That neglected the enemy may carry off the prize. Your house can be, and ought to be, the leading railroad power in the world and the sceptre is within your grasp. The field which I thus open to you is second only, if indeed second, to that great northern enterprise which you are so carefully considering. By controlling both you double the profits of each and you prevent the collisions and strifes which injudicious rivalry would surely engender. And to have the control of two continental lines of railway is an object, allow me to say, worthy of the highest ambition of any man.

And now in conclusion a few words personal and special. In the great enterprises which lie before you I may say without egotism that my position will enable me to render you services of vital importance and value,— services from which I cannot derive or accept profit or gain to myself. I am willing, however, and ready to do all for you in my power at any time you may desire. . . . I am willing to serve you where I am absolutely debarred from any participation in profits. Are you not willing to aid me

where you can do so with profit to yourself at the same time? Just how your subscription to the enterprise will aid me I need not explain. Sufficient that it is so. . . . What I desire is for you to make the contract now. Please give me a decided answer by the 17th inst.— Wednesday of next week. And I cannot allow myself to doubt that on carefully reviewing the whole field you will decide to secure the vital position of Quatre Bras.

Mr. Cooke resisted this pressing invitation, though it came from the Speaker of the House of Representatives who could give much and take much away. Blaine visited Henry Cooke in Washington and Jay Cooke in Philadelphia. He would not take "No" for an answer, though his proposals were definitely declined on January 4, 1870, when the financier wrote his brother, saying for the last time that no such engagements could be made, though he promised that they would "try and do everything that is right and kind and generous by him at the right time," the fall being broken soon by a not too careful scrutiny of real estate and other unrealizable collateral offered at the Washington house of Jay Cooke and Company.

Mr. Cooke had no admiration for the Southern Pacific routes. As he viewed the matter—and experience confirms his judgment—they penetrated an inferior country. Of the Southwest his views, as usual, were plainly expressed. In a letter to General Sanford he wrote in 1872:[1] "In regard to these Southern roads generally I have, as ever, an abiding faith that they cannot hold a candle to our Northern Pacific. I would not take the whole of the Mexican and southern possessions, even if they are shorter (which I do not believe) for 100 miles of our road and the country it passes

[1] Aug. 2, 1872.

through. I am very glad that my lot is cast in the glorious Northwest."

He also advised his correspondents against investments in the old South. He wished all to go to "the great Northwest, where there are no heart-burnings, Ku Klux or carpet baggers." [1]

The Southern Pacific party, with John C. Frémont at its head, was a candidate with the Northern Pacific for the patronage of the government. Although these men had misconducted themselves so grievously in Paris, making extravagant claims in regard to their bonds, and spoiling the market for sound securities, so that the alliance was from many points of view inadvisable, it seemed at the moment the prudent thing to join interests with them.[2] "If you aid us we will, after a while, help you," said the Northern Pacific lobbyists, and while the obligation did not rest heavily upon any one, as such irresponsible promises by unauthorized persons seldom do, and the assistance they pledged did not advantage the Frémont men, for their bill was soon shown out of the House by "a very large majority," southern support was of much benefit in the contest which was soon ac-

[1] To the Archdeacon of Belfast, Jan. 29, 1872.

[2] Jay Cooke had no hand whatever in this arrangement and never gave those who negotiated the deal the least encouragement. He wrote his brother Henry on March 1, 1870, regarding proposed loans to Frémont on "Arkansas bonds": "We cannot and will not advance on such securities and especially to Frémont. We don't want any financial business with him." The next day, March 2d, Jay Cooke continued: "The trouble is just here. Frémont is entirely unreliable in money matters, and it injures any one to have any connection with him; and when you come to add to this the miserable Arkansas bonds about which there will be trouble undoubtedly, and which if we sell at all we must sell through third parties, it becomes a pretty bad business to touch either Frémont or the bonds. While we do not wish to make enemies of any of the Southern Pacific people, we must be careful how we mix up with them."

tively begun. Henry Cooke, Wilkeson, William E. Chandler and a host whom they employed, got behind the Northern Pacific bill with all the weight of their broad experience in political management. They were aided by Ignatius Donnelly, who had been a member of the House of Representatives from Minnesota for three terms, and was now at Washington ostensibly in the interest of a land grant in favor of harbor improvements at Duluth. He went to the capital at the request of President Banning of the Lake Superior and Mississippi Railroad, and reported his movements frequently and lengthily to Jay Cooke.[1] Governor Marshall of Minnesota was on the ground. Governor Geary of Pennsylvania went down and carefully canvassed the delegation in Congress from that state in Mr. Cooke's interest, at the same time seeing many members from other states and "stiffening" them "for the combat."[2] Governor Smith and the Northern Pacific officers were in the thick of the fight when their presence was felt to be necessary, using

[1] Donnelly was one of the workers who seems to have been displeased with his rewards. On February 15th, 1871, he wrote to Jay Cooke: "I hold $10,000 of the stock of the Lake Superior and Mississippi Railroad Company which was presented to me without solicitation on my part by the company as some slight recognition of very important and valuable services rendered by me to the company. I labored for it when it was a mere hope and stood by it faithfully for years. Without my aid it would not to-day have an existence." But he was defeated for Congress in Minnesota by the combined influences of the Lake Superior and Northern Pacific companies and he wished to sell his stock at a fixed price to Jay Cooke, who does not seem to have recognized his obligation to buy it. In July Donnelly was still complaining that his "case" was a "hard one." However, "I do not in these remarks make any reflections upon you," he said. "I am glad to believe that you will probably never know how bitter a thing it is to be stung to death by the work of your own hands."

[2] Geary to J. C., May 21, 1870, from the Executive Chamber at Harrisburg.

the company's money freely, while Jay Cooke himself was utilized in the case of several very refractory Congressmen. A number of members found a generous friend, as Blaine had done, at Cooke's Washington bank,[1] and "pool" interests were discreetly bestowed upon leaders who obviously were hungering for arguments more substantial than those which came from the persuasive lips of the railroad company's industrious advocates.

It may be thought that such machinations were unbecoming in a man of Mr. Cooke's moral dimensions. It must be remembered that the object was one which he believed, and all now know, was the civilization and development of a great section of the country, and that Congress was filled with corrupt politicians who literally "held up" and blackmailed every railway company, especially if its welfare were known to be the concern of a wealthy firm of bankers. The action of Congress was indispensable if such works were to succeed and no other method could avail. It may be said positively that Mr. Cooke did not give money for any Treasury contract or law of Congress. He was the kind friend of all who came within his circle, and he relied upon his magnetic and persuasive personality. He always assumed that men wished to favor that which was right, and large in good consequences, and approached them in this direct and open spirit. It was known, of course, that his friendship was valuable and that he liberally rewarded all who performed legitimate service useful to him in forwarding his enterprises, but nothing else need be expected, in spite of his determination that works with

[1] H. D. C. to J. C., July 22, 1870.

which he identified his name should be successfully completed.

"I hate this lobbying," he wrote his brother out of a full heart and he looked on while Henry Cooke, who had so intimate a knowledge of political conditions at Washington, managed a Congressional campaign or Governor Smith, Wilkeson, Banning or some official of his railroads manipulated legislators, often not knowing until long afterward the lengths to which they had gone. He understood very well, however, that without vigilance and activity his cherished objects in the Northwest could not be realized with a band of men whose demands upon the moneyed interests of the country were becoming more insolent every year.

"I cannot but think," said Ignatius Donnelly, "that the present Congress would rather give land than money," [1] and this fact early became so obvious that the idea of a subsidy or official guarantee was entirely abandoned. The demand was confined to an authorization by Congress, through a joint resolution, for the execution of a mortgage upon the lands granted to the company in 1864, as well as upon the road, its stations, engines and cars; the right to take odd numbered sections in a belt ten and twenty miles wide on each side of the track beyond the original limits of the grant to compensate the company for the loss of tracts opened to settlement since 1864 and now gone beyond the government's control—interpreted to mean a widening of the belt to 120 miles through the territories—and the privilege of changing the course of the road to conform with Milnor Roberts's surveys, thus carrying the line down the Co-

[1] Donn. to J. C., March 5, 1870.

lumbia Valley and to Puget Sound by way of Portland instead of across the Cascade Mountains on a less practicable route, a second line to the ocean being projected from some point in eastern Washington, Idaho or Montana, not yet determined upon. It was true, as was alleged, that the company would now control two zones of land instead of one west of the Rocky Mountains, yet it did not seem like a very large extension of the grant. It was not too much to ask of Congress, if it be understood that it is a matter of importance to a nation that its territory should be populated and civilized, and that the natural wealth dormant there should be developed and brought forth to be laid at the feet of the world. Jay Cooke himself believed this to be a national function, and he belonged to that political party whose tenets called for the exercise of such powers. His chief opponents were of that group which has always asserted that it is not a governmental function to foster the economic interests of the people.

In the Senate the Northern Pacific bill or resolution was in charge of Senator Ramsey of Minnesota. On April 20th Henry Cooke wrote his brother: "We have been at work like beavers and have whipped the enemy on every vote so far—in most cases three or four to one. We let the other side do most of the talking and we do the voting." The measure was slightly amended, as by a provision insisted upon by Simon Cameron of Pennsylvania, that "American iron or steel only shall be used, the same to be manufactured from American ores exclusively," and it was passed by the Senators on April 21, 1870, by a vote of 40 to 11. It went to the House "with the prestige of a four-fifths majority," with the

iron clause which it was thought would be of value to it in that body, "where the pig iron interest is rampant." [1] Henry Cooke anticipated "a noisy debate and a stubborn opposition." Jay Cooke was instructed by his engineers personally to see Ben Butler, Logan and Schenck, although the last named was always friendly. However, he did not immediately do his part and Butler, after voting against the bill in some of the early divisions, was approached by Chandler. "I am for it because I am Jay Cooke's friend," said the young politician from New Hampshire. "So am I Mr. Cooke's friend," responded Butler, "but I do not always go on the principle 'Love me love my dog.' Besides, Jay has said nothing to me of this." It was alleged that Butler was waiting for a payment of money which Jay Cooke was unwilling to make, although his employment as counsel for the company was authorized by the banker if such a step were necessary to secure his support.

The managers of the joint resolution in the House, the leader of whom was William A. Wheeler of New York, afterward a Vice-President of the United States, then chairman of the Committee on Pacific Railroads, made the mistake of trying to force it through without the formality of a debate. This policy aroused much antipathy. There was a stormy and exciting scene on May 5th, although the Northern Pacific men had a safe majority on all the test votes. "Blaine is doing us great service; so is Schenck," wrote Henry Cooke. "Blaine dropped in specially to say to me and through me to you that we must not be in the least disturbed; that when the House again meets our relative strength will be con-

[1] H. D. C. to J. C., April 22d.

siderably stronger than it was yesterday; that we have got the bill in such shape that all the business of the House is suspended until it passes and that we are perperfectly safe.[1] The filibustering continued for several days and the prospects of the measure were endangered by Governor Smith's inflexible determination to agree to no amendments. A dozen or more were offered, but the company's friends were all held in leash while vote after vote was taken, indicating eventual success. The "heathen" raged. Harlan and Thurman in the Senate; Randall, Hawley and many more in the House dwelt at great length upon the value of the grant. They saw in the provision for a branch leaving the main trunk line at some undetermined point a very improper increase of the land subsidy and pictured to themselves and the country an empire that was being surrendered to a private company. In short, there had never before been such a grant; it left no land for another road in the northern part of the United States; the wheat fields, pastures, forests, fisheries and mines conferred upon the road were enormously valuable; a great section of the country would soon be in the hands of an awful monopoly.

Nevertheless, the measure passed the House on May 26th by a vote of 107 to 85. It was now the hour for congratulations and they came to Mr. Cooke by letter and telegraph from all sides. Upon receipt of the news, R. H. Lamborn telegraphed from the Northwest that the price of real estate in Duluth had increased ten per cent. instantly. It was argued that the President must yet sign the bill, but Henry Cooke was caring for that detail. As early as on April 23d he wrote; "I have

[1] H. D. C. to J. C., May 6th,

JAY COOKE

From a portrait painted by Robert W. Vonnoh, in possession of Jay Cooke, Jr.

talked with the President about our bill. He takes great interest in it and there is no danger of his not signing it." He had helped the measure forward in Congress by saying to members that it ought to pass and that he wished them to vote for it.[1]

Jay Cooke, in the meantime, had no intention of allowing earlier friendships pledged in so many ways to be forgotten.[2] He sent a fishing rod and creel to the President's little son Jesse, for which he was duly thanked in a childish hand. Mrs. Grant said that after its arrival the boy had found no amusement in anything else and it had put his father in a "fishing humor." The general was thereupon invited to go out for a week's sport upon the water with Jay Cooke and some political friends, but the time was reduced to one day because of the President's many engagements in Washington.[3]

The bill was signed on May 30th, though it seems not without a dispute in the cabinet, for Henry Cooke wrote confidentially to his brother the next day:

"It [the bill] was considered in cabinet meeting today and met with violent opposition, but as this is told me in the strictest confidence you must not allude to the fact. I will tell you all about it hereafter. General Grant was firm as a rock and my information is that the bill received the sanction of the majority of the cabinet. General Grant came in to see me this morning before the cabinet met. Reference was made to the bill. . . .

[1] H. D. C. to J. C., May 26, 1870.

[2] General Grant had enjoyed favors at Jay Cooke's banks, as had General Dent. The President's name was on a note held by Jay Cooke and Company as late as in January, 1872, when Henry Cooke hoped it might be taken out "for obvious reasons."—H. D. C. to J. C., January 2, 1872.

[3] H. D. C. to J. C., May 9, 1870.

His reply satisfied me that it would not be necessary to discuss the matter further. He stood up against a tremendous pressure."

On July 1st a mortgage was legally executed to cover all the lands of the company, the measure upon which Mr. Cooke was to rely in connection with the "pool" for the money to construct the railroad.

The company was now organized as follows:

Trustees for the First Mortgage Bondholders:

Jay Cooke and J. Edgar Thomson.

Officers:

J. Gregory Smith, President.
R. D. Rice, Vice President.
Samuel Wilkeson, Secretary.
A. H. Barney, Treasurer.

Board of Directors:

J. Gregory Smith, St. Albans, Vt.
R. D. Rice, Augusta, Maine.
Thomas H. Canfield, Burlington, Vt.
Wm. B. Ogden, Chicago, Ill.
Wm. G. Moorhead, Philadelphia, Pa.
Wm. G. Fargo, Buffalo, N. Y.
B. P. Cheney, Boston, Mass.
George W. Cass, Pittsburg, Pa.
Frederick Billings, Woodstock, Vt.
William Windom, Winona, Minn.
James Stinson, Chicago, Ill.
Samuel M. Felton, Philadelphia, Pa.
Charles B. Wright, Philadelphia, Pa.

Executive Committee: J. Gregory Smith, R. D. Rice, Wm. B. Ogden, George W. Cass, William G. Fargo, William Windom, S. M. Felton, Charles B. Wright.

Financial Agents for the Railroad Company: Jay Cooke and Company, Philadelphia.

Hope of the successful negotiation of a large lot of the bonds in the European money centres was by no means abandoned after Mr. Moorhead's rather sorry adventures with the Rothschilds. The existence of a finished section of track to the Red River as a result of the advances made by the members of the "pool," and the execution of a mortgage upon the lands to secure the bonds would, it was thought, very favorably impress European investors, and their support was counted on by Mr. Cooke with absolute faith. The first proposal was to divide Europe into districts which were then to be subdivided in the manner so successfully employed in the sale of government bonds during the war. In February, 1870, Germany and Holland were assigned to a group of German bankers, Moritz Budge, Budge, Schiff and Company, and Robert Thode and Company. Moritz Budge was a banker in Frankfort-on-the-Main and his brother Henry Budge was the American representative of the house, his firm being Budge, Schiff and Company in New York City. They were to divide the field in their own way, sell the Northern Pacific bonds under Jay Cooke's direction at liberal specified commissions, being first "sweetened" with an interest in the "pool." General George B. Sargent had now come on from Duluth and by conferences with Fahnestock in New York and Jay Cooke in Philadelphia succeeded in convincing them that he would be a useful roving high commissioner to see that the Budge loan was well started in Germany, and to attend to loan matters generally in Europe. He had pecuniary interests in Duluth and no doubt sincerely enough desired the success of the Northern Pacific Railroad. He was guaranteed his expenses and a large sal-

ary whether he succeeded or failed, being assured besides of enormous contingent commissions in case he should place ten, twenty or fifty millions of the bonds. He had a hand in the "pool"; visited "Ogontz" for parting instructions and was provided with written credentials by the firm and letters of introduction from Baron Gerolt, the friendly Prussian Minister, and others. He reached Frankfort on April 1, 1870, with the New York member of the firm of Budge, and began his remarkable attack upon the coffers and chests of Europe. He spent the funds of Jay Cooke and Company like water. He thought the loan could be successfully negotiated, he began flatteringly in a letter to Mr. Cooke, "but owing almost entirely to your own reputation, which can be made of more use here than you have ever anticipated. There could not be a better time to place the bonds than at this present season. I am occupying the finest apartments in Frankfort. Kings and emperors have occupied them before. Our friends secured them for me. Beautiful flowers decked the parlor and letters of gold everywhere proclaimed 'Willkommen in Frankfurt.'"

Sargent soon found that the Budges desired a larger field and upon terms regarded by them as favorable were ready to contract for the whole of Europe. An agreement was drafted and after much consultation by letter and cable it was signed, the German house as a pledge of its good faith making a deposit of $500,000 in gold with Jay Cooke and Company in New York against Northern Pacific bonds, which were to be set aside for them, although undeliverable until all the terms of the contract had been met and satisfied. Budge was to sell $50,000,000 of bonds accounting for them at par in

United States currency, except that the price of gold in exchange should be calculated at a rate three per cent. higher than the ruling premium in New York at the time of sale. He was to receive a commission for his services of six per cent. in cash and ten per cent. in stock of the Northern Pacific Company, and an extra reward of one per cent. in cash and three per cent. in stock if $20,000,000 should be sold before January 1, 1871. He must pay at least $100,000 in gold for advertising the bonds. If a certain number of millions were not sold before the end of 1870 Jay Cooke and Company, at their option, could annul the contract. The foreign agents were to form connections in all parts of Europe "with strong houses and none other," and prosecute the sale with all possible activity.

There were many delays and postponements at the demand of Budge and his legal advisers, but these were the essential features of the agreement when the arrangements were complete. Sargent was shrewd enough to specify that he should be retained in Europe as the counsellor of the European agents and on April 18, 1870, he wrote Mr. Cooke:

> I find they rely more upon me to fix and influence their friends than upon themselves. I have met on several occasions different parties, generally at breakfast, lunch or dinner and have been called upon always to respond to toasts given to you as the great financial spirit whose energy and foresight saved the American Union and who had now undertaken the great national enterprise of the Northern Pacific. This has of course, given me a wide field and I have improved it, so far to the great satisfaction of our friends here. Last evening after I had spoken half an hour before a dozen parties of influence, a leading banker from Amsterdam, said: "Sir, if you can speak to my countrymen

as you have spoken to-night you will carry them with you in your great enterprise, as you have convinced me to-night of its great value and importance." The wife of another banker said to me, kissing my hand three or four times: "Sir, it is grand, grand!" I always wait until they give me a good text by toasting America, the flag of the Union, Jay Cooke, Northern Pacific Railroad, their countrymen in America, myself, wife and children, etc., and then I give them a reply touching up the whole thing, alluding to the happy homes along the Northern Pacific waiting to receive their millions of landless people, etc. When I allude to what you have done for the Union, I stir them up to a terrific point and they generally give you three cheers and sometimes three times three.

The first step taken by Sargent and Budge in Germany was the purchase of the press. They obtained the support of thirty newspapers, according to their own reports, a service that was grievously needed because of the unexpected action of the Berlin Bourse. The great amount of dishonesty in connection with the sale and the offering for sale of American railway shares in Europe caused that body to caution the German public against them, especially if they were without government guarantees. Jay Cooke immediately telegraphed to Bleichroeders in Berlin for full information which was cheerfully furnished him. He then prepared an open letter to the Berlin Bourse which was printed in the form of a pamphlet and generally distributed. It was dated from Philadelphia, July 16, 1870, and gave the writer the opportunity to make a strong statement of the case for the Northern Pacific Railroad.

He supposed, at the outset, that the Bourse's action was not specifically directed against the bonds of the company, of which his firm had been made the fiscal agents, and continued:

We trust that if any prejudice against the securities of this company has taken possession of your minds you will cheerfully banish it, and we cannot but believe that having given a candid hearing to the statements now submitted you will decide to co-operate with us in the negotiation of these bonds, and lend your encouragement to the plans we have formed for promoting emigration. My name and that of my firm are not I presume unknown to you. I will not here refer to our connection with the government as its main financial agents during the recent war, but I desire to state that for over thirty years as a banker in Philadelphia, I have been engaged in fostering the building of American railroads and in disposing of their securities, and I have never yet sold the bonds of any company the interest upon which has not been punctually and regularly paid, and the principal made more secure from year to year. We have ever made it a matter of conscience to examine carefully into every railroad project presented to us, in some instances having extended a watchful care over roads for years after disposing of their bonds with the sole object of maintaining the integrity of these bonds. . . Our connection with the Northern Pacific railroad has been assumed after many months of careful examination and after the most mature investigation of the whole subject in all its bearings. We deem it a great national enterprise, one that combines many elements of the most attractive and solid character. . . . We expect to give to this great work a large portion of our time, efforts and resources for many years to come. The enterprise is a gigantic one, but can be fully completed and in successful operation within four years from date, if its bonds can be sold with sufficient rapidity to furnish the required means. Eighty millions of dollars in gold have been expended in constructing an experimental canal only 100 miles in length through a desert at Suez. An equal sum will build and equip our road of 2,000 miles and its branches and pay all the interest upon its cost during construction. . . . True, the government does not write its name on the back of our bonds as endorser, but it does more. It provides by its land grant ample means for the full and prompt payment of those bonds, principal and interest, having received from the gov-

ernment what is ten fold better than an endorsement of its bonds. The Northern Pacific Railroad Company has not desired nor asked for such government guaranty but has preferred instead to secure a liberal donation of lands and freedom from the annoyance and clogs of official supervision which in case of an endorsement must have been yielded.

Mr. Cooke concluded by inviting the Bourse to appoint a committee of three of its members to visit America and make a personal examination of the line of the road. "This committee," he added, "shall have their expenses paid from the time they leave their homes until they return, and shall be provided with every facility to enable them to make a prompt and full report."

The statement appeared in the newspapers about this time that Bismarck would pay a visit to America, and while it was entirely unfounded, Mr. Cooke did not lose the opportunity to indite a formal invitation to the great Prussian to partake of the hospitality of his homes. The letter was sent to Henry Cooke in Washington to be delivered to Baron Gerolt and forwarded to Berlin. Photographs of Gibraltar and "Ogontz" were enclosed, but it was nearly a year before a reply was received by the financier. It was as follows:

BERLIN, May 18, 1871.

Dear Sir:

Your letter of the 13th of June last reached me on the 11th of July. If you remember how shortly that date was followed by the declaration of war you will excuse the otherwise unpardonable delay in answering so kind an invitation. Being about to embark in a diplomatic campaign very likely to lead to an armed conflict, I felt doubly impressed with the charms of your secluded island and your delicate hospitality. Peace is now happily restored but a great deal remains to be done at home, and I do not know whenever it will be given to me to satisfy my old longing

for your country. Accept the assurance of my heartfelt gratitude and distinguished consideration.[1]

(Signed) V. Bismarck.

The receipt of this communication was duly noted in the newspapers in the hope of conciliating German opinion, both on the subject of the loan and the project of depleting the population of Germany for the advantage of the American Northwest.

At home much danger threatened the operation by the covert attacks, now become open, upon Mr. Cooke and the railroad by influences radiating from rival banking houses. Mr. Cooke and his associates made no concealment of their annoyance, which served but to increase the pleasure which George W. Childs found in baiting the enterprise in the *Public Ledger*. The articles which were written in the most hostile spirit, being so bitter that they plainly showed the personal animus behind them, were reprinted as slips and circulars and at infinite trouble and not a little expense were widely distributed in Washington and throughout the banking communities of America and Europe to the great damage of the undertaking. Some were so vicious that when they were taken to the office of the *German Democrat* to be translated and put into German type the editor refused the commission.[2] What made matters worse was the fact that Childs had recently visited England and effected an arrangement with the London *Times* for an exchange of news, that journal employing his money editor as its American correspondent. The *Ledger's* antagonism was reflected in the *Times's* American correspondence,

[1] This letter, which is in English, is in possession of Jay Cooke, Jr.
[2] J. C. to H. D. C., April 26, 1870.

which in turn deeply influenced the writers of its local money articles. As the *Times* then, as now, made its way into all the great banking houses, bourses and official and semi-official bureaus on the Continent, its word being highly respected, especially regarding affairs in lands in which English was the language of popular communication, Jay Cooke's European negotiations were in risk of suffering serious interferences.

Day after day during the course of the debates in Congress on the Northern Pacific bill, the *Ledger* denounced the "huge robberies of the public domain." On April 19, 1870, that newspaper said, in its leading money article: "Philadelphia has been the great centre of the manipulation necessary to the revival of this six years' neglected enterprise. Some five millions more or less of seven per cent. gold-bearing bonds were originally divided in twelfths among a 'ring' of operators to be again divided and subdivided," the proceeds being devoted to the construction of a line to the Red River. This sum was twice as large as necessary and two and a half millions would go to the "contractors and their confederates." There had not been a time "since the celebrated South Sea Bubble when so much money was running into wild hazard." A panic was predicted. "We are informed that throughout all Germany the most untiring efforts are making not only to command capital to invest in this Northern Pacific enterprise, but the most costly and tempting inducements ever known are making to invite immigration," etc., etc.

On April 22d the same newspaper said editorially, after an angry attack upon the railroad: "Audacious as many of the demands on Congress have been, cun-

ningly as most of them have been devised, none of them ever reached such sublime effrontery as this." The fiscal agents were denounced for the attempt to mortgage land which could not be theirs until the track was laid and the road was built. The taking of it from the public domain in view of its great value, was a theft and so forth.

Every effort was made in Jay Cooke's open manner to silence these batteries, and in spite of his unhappy experience during the war he resolved again to visit Childs, although he was dissuaded from the design. In Philadelphia the Moorheads and several mutual friends of Mr. Cooke and Mr. Childs sought to allay the *Ledger's* rage, while George Jones of the New York *Times* volunteered to visit Philadelphia to remonstrate with its spiteful editor. The other newspapers of the city, such as the *Inquirer* and the *Telegraph,* spoke warmly in Mr. Cooke's behalf and the difference reached the proportions of a great public dispute.

Mr. Cooke used language regarding this industrious enemy that he was never known to employ in his references to any other man. "It is the greatest outrage any journal ever committed upon decent citizens," he wrote his brother Henry on April 25, 1870. "We are pitching into them and if it is necessary and it is thought best I will establish a penny paper equal to the *Ledger*, reducing the expense of advertising fifty per cent. If this man continues to fight us as he has done I will fight him and the Drexels. If he compels us to, I will do it, though I hate to do it."

"I do not see how men can lay their heads upon their beds at night," he continued on May 2d, "after com-

mitting such wanton injury upon the property of their neighbors."

To counteract the influence of one of the *Ledger's* savage articles in April Mr. Cooke telegraphed to Sargent in Frankfort, who at once went to England to see if anything "could be done with the London *Times*." He wrote the financier on April 30th:

> The results of my investigations are anything but pleasant. Childs, while here, toadied to the editor and proprietor of the *Times,* was Sampson's [money editor of the *Times*] guest all the time he was here, and their relations were of the most intimate character. Since Childs' return to the United States the *Times* has continually quoted from the *Ledger* as *the* paper of the United States. . . . It would be impossible to prevent entirely the article's republication except to sink the ship which brings it over. That I am mad enough to do, provided it contained only the *Ledger* crew. . . . Washburne [E. B. Washburne, Minister to France] is an old personal and warm friend of mine and will second all my efforts in France. He has written a letter to Motley [John Lothrop Motley, Minister to England] very strong, but I shall not deliver it. I have known Motley from boyhood. My father's pew was next to his father's in church. He was a flunkey then and he has not improved. He knows nothing about business and considers it beneath his notice to talk about any business enterprise, no matter how national its character.

General Sargent was introduced to Sampson by his brother, Epes Sargent, the writer, who came over to London from Paris for this particular purpose. He wrote one letter to Jay Cooke while waiting for Mr. Sampson, dating it: "In the Lion's Den." "I shall be very short with the *Times* now and fight them to the last, if I can't bring them peaceably to terms," said he. "There is no use mincing matters any longer." He was

made happy, however, by being invited to Sampson's home at Hampton Court, near London, where he was entertained for two or three days in "elegant style." A half dozen French and English bankers were invited to meet him there. The editor finally said:

"My views are entirely changed in regard to your enterprise. I think it is a good and valuable enterprise and in good hands. If the houses of Messrs. Jay Cooke and Company and friends of North Pacific will pledge themselves to give their influence to have the Fisk-Erie fraud come to a fair trial in August without any delay I will sustain your enterprise heartily."

"This is the hole I have made him to crawl out of," continued this great diplomat, "and I shall have his hearty co-operation on terms that must never be known but to you, to him and myself. I have got him sure and apparently by my personal influence over him, so all parties in interest say here. Sampson, they say here, cannot be bought, and it would never do to offer him a pecuniary consideration, and I believe it, and there is no need of it, for a man who has saved £400,000 sterling on a salary as editor of the *Times*, and lived like a prince all the time, understands the art of getting along. So I reasoned. No more abuse will be copied from *Ledger* man. He may as well dry up." [1]

To complete his great work Sargent directed that there should be sent from Duluth to Mr. Sampson's sister one of the finest amethysts to be found on the shores of Lake Superior for her grotto of stones which she had assembled from all parts of the world.

This editor's favorable opinion would be particularly

[1] Sargent to J. C., from Hampton Court, June 20, 1870.

valuable, it was thought, because he was a large stockholder, and influential in the management of the General Credit and Discount Company, upon whom Sargent, with Henry Budge and Marcus Goldschmidt, were now to make an attack. The contract was to be sub-let to them as the English agents of the loan, but they insisted upon a direct contract with Jay Cooke and Company which called for the payment of a commission of one and a half per cent. in cash and two per cent. in stock. The company specified, and Jay Cooke agreed, that the proceeds of the bonds, as they were sold, should be held by them and should not be paid over except upon the completion of each section of twenty-five miles, therefore not until the road was finished and was in possession of its land grant. Budge acceded in consideration of payments which could very well be allowed him in view of the reduced commission to be given to the English house.

The General Credit Company had three thousand correspondents; Sargent thought there was "no concern in Europe better calculated to put the loan out successfully," and on June 30th the arrangements had so far proceeded that they were only "subject to the ratification of the board." The result was so nearly assured in the view of all the parties to the negotiation, that Sargent gave a "private dinner in honor of the Fourth of July" in London in his sumptuously furnished apartments overlooking Hyde Park. An American flag floated from the window; a band of music played English and American airs alternately on the stairway. There was an elaborate menu including "Purée á l' Americaine," "Ris de Veau á la Philadelphia," "Gelée

á la République" and other dishes highly suggestive of the business in hand. The invited guests included the American Minister, John Lothrop Motley of whom General Sargent had come to think much better upon fuller acquaintance, having been invited to the receptions at the Legation; Benjamin Moran, Secretary of Legation; Lord Borthwick and H. B. Sampson of the London *Times;* James MacDonald, President of the General Credit Company; Sir John Rose, George Worms, G. A. Smith, Epes Sargent, Frank Evans, Budge and Goldschmidt, the German negotiators, and several other men. "Old MacDonald" sang a Scottish song and the alliance seemed to be secure, Sargent and his attachés being ready to cross the channel and invade France when rumors of war reached them. Louis Napoleon had determined upon a trial of strength with Prussia and German troops were soon flung across the border on their way to Paris. That the Northern Pacific men would be on Prussia's side in this war might have been predicted with assurance." One thing is certain," wrote Sargent to Fahnestock on July 19, 1870, "and that is that France is alone in this war. All sympathy in Europe is against her and the prayers of all are that she may be well whipped. She is sure to be, as there is a just God."

"If rumors of war had kept off a week longer the papers would all have been signed," Sargent continued on July 23d, and there is little doubt, as Jay Cooke himself often said in his later life, that the arrangement was frustrated solely by the outbreak of the Franco-Prussian conflict. It is likely that all the Northern Pacific managers from Mr. Cooke downward more or less openly shared

Wilkeson's vengeful views at this time when he said: "Of course that French devil must upset our dish in Europe. I don't know that corporations can enjoy revenge. But the North Pacific promoters will have the satisfaction of seeing that composite tiger and monkey whipped out of Germany and whipped out of France, and I think out of life. God and those blessed Teutons are going to rid the world of the curse of the Bonaparte family." [1]

As soon as the war came on the Budges began to "squeal," to use Sargent's language, and he wished to be rid of them. He foresaw that they would be in a position to embarrass and cripple the operation. On August 8th he wrote to Jay Cooke: "Since the declaration of war Henry Budge has been like a child more than a man and in spite of their assertion to the contrary, I fear they may be hard up for money." The war had caused a panic in the European exchanges and the sale of bonds for an American railroad was seen to be out of the question, probably for a long time to come. The firm, through its New York house, had paid the $500,000 to Jay Cooke and Company and Henry Budge now tried to make it appear that the sum was a mere deposit in evidence of their good faith, as it had been intended to be by the original contract of February 25th, which had been cancelled in favor of another agreement.[2] "Mr. Cooke did not force this business upon you," wrote Sargent; "it was of your own seeking and at the time you succeeded in getting it we all thought there was a fortune in your profits. War was not

[1] Wilk. to J. C., July 22, 1870.

[2] Budge's letter to Sargent of August 4th and Sargent's reply of August 8th.

thought of in any contingency and there was every reason to believe that you would achieve a great success. It has turned out otherwise and you desire to get out of it. There is sometimes as much to be gained in an honorable and well conducted retreat as there is in gaining a victory. Wait the moving events patiently. There may be as great a change for the better in thirty days as there has been for the worse during the past thirty. . . . Keep in good spirits . . . and I have no doubt you will receive at the hands of Mr. Cooke all the consideration the state of matters demand as soon as he can fully realize the situation."

Sargent wished to return to America. He would give a hundred pounds if he could pass an hour with his wife and children in Duluth. He thought he could be spared until the course of the war should be clearly determined, but Jay Cooke's advice was against it. "Do not come home," said he. "Stick to this matter like a bulldog." Sargent therefore composed himself as best he could and in August was working with Chadwicks, Adamson, Collier and Company and some of the smaller London banking houses, which expressed a willingness to co-operate with the General Credit Company.

The talk came to naught and in September Budges, who had somewhat regained their composure, were asking for an extension of their contract, foreseeing the end of the war when they could resume their effort to sell the loan. The association was destined to be one of which Mr. Cooke and his friends all bitterly repented, for their being in the field deterred other houses from embracing the project. The General Credit Company could not be led back to the point at which they were at

the outbreak of the war and Sargent turned now to another London banking house, Bischoffsheim and Goldschmidt. His first impressions left nothing to be desired. "Of their ability," said he, "I have no doubt. I never met a man that I believed in more fully than Mr. Bischoffsheim. . . . He is perfectly enthusiastic about it. His heart will be in the work and I can assure you there has never been a time when I have felt as confident of success as I do this moment." [1]

There were conferences with the Budges and much chaffering and dickering with Bischoffsheim, who was a little cooled by his friends. Sargent stood by promising Mr. Cooke to "pick his flint and try again." Thus were the negotiations tediously and futilely prolonged while the prospects of the loan were diminishing and the Northern Pacific treasury was being depleted by large expenditures in connection with the railroad, work upon which was proceeding actively. The President of the company, J. Gregory Smith, wrote to Mr. Cooke that he must have money to go forward when the fund of $5,600,000 should be exhausted. He hoped for at least one million monthly from Bischoffsheim. But this was not to be, the task in Europe being rendered the more difficult because of the—to some—unexpected prolongation of the war, through the rotting of the empire and the falling apart of the social fabric in France as a result of the nation's military defeats.

The situation was now somewhat changed by Mr. Cooke's determination to carry out his long contemplated project for the establishment in London of a house of his own. During the Civil War, as we have

[1] Sargent to J. C., October 12th.

seen, he had close working relations with William Evans and his son, Frank H. Evans, both of whom, by their visits to this country, were personally known to him. He had been urged frequently and from many sides to open a branch in Europe and it was definitely announced in firm, if not in larger circles, in 1866 when the partnership was renewed and the New York house was established, that this step was in immediate prospect. Mr. Moorhead, during his visits to Europe, had made some preliminary reconnaissances. It was suggested once that Chase, and later that John Sherman, should go to London to take charge of the branch and the last named seems at one time to have thought well of the proposal.[1] Clarence H. Clark was also mentioned for the post and so much was said of his probable going to England that he stated to Mr. Cooke the terms upon which he would do so—a three-tenths interest, a contract for five years to be extended likely to ten or fifteen years or for life, and his recognition in the firm name, which for England should be Jay Cooke, Clark and Company.[2] Later it was suggested that George C. Thomas of the Philadelphia house should be transferred to London,[3] but nothing came of the prolonged discussion until the partnership arrangements were generally revised in 1870.

Moorhead still intermittently threatened to leave the firm entirely, especially when his mind dwelt upon the Northern Pacific alliance, but his resolve was not executed and such a course was very much discouraged by Mr. Cooke, after the railway project was undertaken,

[1] Sherman to J. C., June 3, 1866.
[2] Clark to J. C., September 20, 1867.
[3] Thomas to J. C., January 11, 1869.

since a withdrawal at this juncture would be considered to mean dissension in the counsels of the house regarding the question. He was restored to faith for a time by the knowledge that Fahnestock in New York had "taken the bit into his own mouth" as Mr. Moorhead expressed it, and at Mr. Cooke's desire united with him to discourage such a tendency. Set down in that city as one of three partners, presumably of equal authority, he became a predominating influence and was disposed to try to make himself a greater power than Mr. Cooke himself in determining general firm matters. His tone was often imperious. He was prone to regard the New York house as the leader in firm movements and of higher authority than the main establishment in Philadelphia. "I urged Fahnestock when in New York, before the war commenced," wrote Jay Cooke to Mr. Moorhead on July 18, 1870, "to sell out his Curry [currency] 6s [*i.e.*, Pacific Railroad Bonds] which were then 114½, but as usual the young man thought he knew better than I did. I shall say nothing more to him but shall let him work out his own plans. I hope there will be no loss."

"He ought not to put his judgments against yours with your long experience," Mr. Moorhead replied. But Mr. Fahnestock had done so for some time and would continue to do so without increasing the harmony of the partnership.

Furthermore both Moorhead and Fahnestock desired to close the Washington house against Henry Cooke's protests. The latter said that the office was still earning from $20,000 to $25,000 per annum and caused Hugh McCulloch and many of his friends to write to

Jay Cooke to say that the withdrawal from the capital would be impolitic. It would be interpreted as a surrender which would materially diminish the prestige of the firm. In the event of a closing of the house Jay Cooke and Company in Washington would be represented by the First National Bank, which was now the more important of the two.[1] It would be moved down stairs; Henry Cooke, it was expected, would go to Europe to reside for several years to engage himself in selling Northern Pacific bonds or as a partner in the proposed London house.

The appeal for the Washington branch had its effect and Henry Cooke, although he was soon to be appointed by President Grant to be the Governor of the District of Columbia, continued to give his oversight to the business which in his absence on official duty was conducted by William M. Tenney, a confidential employee of much ability. Huntington, the cashier and manager of the First National Bank, in whom confidence was not fully restored after the festival of political speculation which was enjoyed in Washington immediately after the war, would be replaced by a more trustworthy financier and a respectable place would be found for him in connection with the railroad. In New York Mr. Cooke's old friend, Edward Dodge, was to be eliminated in spite of his protests when the programme was laid before him, and he was to be given a minor post in the North-

[1] In a spirited appeal for the continuance of the house Henry Cooke wrote to his brother: "We can still keep the old firm flag which floated so proudly during the rebellion flying at the masthead. For the sake of the noble work the Washington office has done don't put that flag union down half mast under the legs of a desk in the back room of the First National Bank."— Letter of October 29, 1870.

ern Pacific sales office; his conduct of the department of the business devoted to the trading in stocks on margins had been unprofitable. Sexton was to be dropped in Philadelphia, and Jay Cooke, Jr., and J. A. Garland,[1] who had been taken from Washington to New York and was Fahnestock's apt assistant in that city, were admitted into the partnership in both the Philadelphia and New York houses. George C. Thomas was added to the list of partners in New York.[2] Now at last the English house was to be established. The release of Hugh McCulloch from the Treasury Department and his willingness to join Jay Cooke and settle abroad at the head of the business in London, seemed to promise very advantageous results. Having the ex-Secretary of the Treasury in such a position suggested an alliance with the government which was likely to impress Europe very favorably. Early in 1870 Frank H. Evans and William E. C. Moorhead, the son of William G. Moorhead, were on the point of establishing a partnership. They were to have houses in London and New York which, it was hoped, might be in some way affiliated with Jay Cooke and Company.[3] The senior Moorhead had agreed to furnish his son's share of the capital for the combination, but both young men were saved for this larger house with McCulloch at its head.

"I can think of no man who would carry to London the prestige of McCulloch," wrote Fahnestock to Jay

[1] Garland was originally a teacher in a commercial college in Philadelphia, which was attended for a time by Jay Cooke, Jr.

[2] 1870 was again a lean year in the banking business. The New York house made only about $40,000, but Fahnestock reminded Jay Cooke that in the five years they had distributed $1,115,000 among the partners.

[3] Evans to W. E. C. Moorhead, February 26, 1870, and William G. Moorhead to J. C., April 11, 1870.

Cooke June 3, 1870. "The more I think of your objections—harsh reflections upon our rumored business connections heretofore—the less I think them entitled to weight. Ugly people will always say unkind things about us; and let them. It will do us no harm."

To support Mr. McCulloch there would be required, it was believed, an "office man who knows thoroughly New York business and New York people. Three-fourths of all the American business in London comes from New York."[1] This man was found in Colonel John H. Puleston. He had been prominent in New York during the war, had fine social qualifications and was well informed concerning "the ways of Wall Street and the value of American securities, especially railway shares."[2] On July 13, 1870, Hugh McCulloch wrote to Jay Cooke from Washington:

My dear Mr. Cooke:

There has scarcely been a month since I left the Treasury Department in which I have not received propositions to engage in enterprises which, although respectable enough in themselves, were not such as I have felt at liberty to connect myself with, and I had about come to the conclusion to confine myself for the balance of my days to the management of my own affairs, and be content with my moderate fortune and with the reputation I had acquired as a banker in Indiana and as an officer of the government at Washington. When, however, your brother said to me some weeks ago that you had at last determined to establish a banking house in London, and that it was the desire of yourself and your partners that I should become the head of it, under, of course, the general direction of the house in the United States, it occurred to me that this was a place for which my experience and my reputation — which fair enough at home, is

[1] Fahnestock to J. C., July 14, 1870.
[2] *Ibid.*

in Europe such as any American might be proud of — especially fitted me and that I ought not to decline it. I said therefore to him that I would accept it if the details could be made satisfactory. Since this conversation took place I have seen your letter to Henry giving an outline of the business to be transacted by the London house, and extending to me an invitation to visit you on your return from Lake Erie to talk the matter over in person. This invitation it will afford me pleasure to accept, but before doing so I would like to know whether you and your partners, especially you and Mr. Moorhead, prefer me to anyone else for the place, and whether or not I am mistaken in supposing it to be your intention to establish not a temporary agency but a permanent house, which shall in due time rank with the most respectable banking house in England and upon the continent.

While I do not deny that I would like to go to London as the representative of your house, I would not go if I were not your first choice for the place, nor unless the enterprise looks to the future as well as the present, to the success of which I could give my entire energies, which, with proper care of myself, I hope will be vigorous for ten years to come.

My own opinion is that such a house as I presume you intend to establish could be so conducted as to be safe and profitable to those interested in it, and respectable enough to satisfy the proper ambition of any gentleman who might be entrusted with its management. What little reputation I have, I do not intend to put in jeopardy, and if I go to London it will be with the confident expectation that I shall not lose it, but rather add to it for my own benefit and that of my friends.

Please let me hear from you at your earliest convenience, and, believe me, Sincerely and respectfully yours,

HUGH MCCULLOCH.

On July 15th Mr. Cooke replied to this letter as follows:

Dear Mr. McCulloch:

Yours of the 13th inst. only reached me this morning. I have been expecting you, Mrs. McCulloch, Lulu and the baby all the

week and it will be a great disappointment if you do not come. I hope you will not leave Mrs. McCulloch and the children behind.

In regard to the foreign banking house we have had it in contemplation for many years. You know my natural carefulness in these matters. I did not open our house in New York until three years after we first thought it almost a necessity. One great reason was my aversion to an enlargement of risks and responsibilities. A New York house at that time would necessarily have been committed to the care of comparative strangers as Mr. Fahnestock was not to be spared from Washington.

I have felt in this way about the London house. We have been in no hurry because we were determined not to make a start there except under the most favorable circumstances and until we could obtain co-operation from some one in whom we had the most perfect confidence. I need hardly say that the unanimous feeling of all our partners is that you are that one. No other name has ever been mentioned in our conversations.

The time having now arrived when in our judgment the house can not only be made very profitable, but will be of great service to the public at large, we have with entire unanimity decided to offer the position of head of that house to yourself. You possess our most unbounded confidence. As the result of our long and intimate association with you during the many dark and trying periods of the war and since, we have learned to admire your great financial ability, your personal and official integrity and many other elements in your character which form in the aggregate the realization of our requirements in a partner.

Mr. Moorhead is now at Bedford. Before he left he reiterated his earnest desire that nothing would interfere in your arranging with us to take this position. Mr. Fahnestock and all the junior partners are equally united on this subject.

I hope you will come over as soon as possible. Views may be compared and arrangements perfected if all can be made satisfactory.

With warm regards to Mrs. McCulloch and the children,

Sincerely your friend,

JAY COOKE.

McCulloch and Colonel Puleston were joined by Frank Evans and they became the resident partners, McCulloch having an interest of 15 per cent., Puleston 10 per cent. and Evans 7½ per cent., while young Moorhead was assured a salary equal to five per cent. of the profits, the rest being divided among the New York partners in the proportions in which they were rewarded by the articles of agreement governing the management of that house. Late in August it was publicly announced by Norvell in the New York *Times*, the paragraph being copied everywhere, that the London house was to be opened with McCulloch at its head under the name of Jay Cooke, McCulloch and Company. Evans in London was commissioned to select from among a large number of eligible sites a location for the house. The partners were disappointed that they could not secure "Lloyd's Bank" for which they were willing to pay £4,000 per annum and they must take a building at the corner of Lombard and Grace Church Streets, 41 Lombard Street, at £2,500 a year for five years. It was not so near to the Bank of England as the building first chosen, but it was a consoling thought that it was not farther away from the "Old Lady" than Morgans' or Barings'. On October 13, 1870, Jay Cooke and Company of New York sent out the following circular, announcing the prospective step:

Dear Sir:

To meet a long contemplated necessity of our business we shall on the first of January next, in connection with our firms in Philadelphia, Washington and this city open a house in London under the style of Jay Cooke, McCulloch and Company,

with the Hon. Hugh McCulloch, late Secretary of the Treasury, as senior resident partner supported by able associates.

With the co-operation of the new house and such Continental connections as we may form we shall conduct a general European American banking business, including the purchase and sale of exchange, the negotiation of securities and the issuing of traveling and commercial credits in all of which we shall be able to offer our correspondents the best facilities.

Our arrangements here for the execution of orders in government securities, stocks and gold are second to those of no house in the street. In all business of national banks, including the establishment of new institutions and exchanges of securities we have had a very large experience and can make most favorable terms.

Upon currency accounts we continue to credit banks and bankers five per cent. interest upon balances averaging $3,000 and upwards and our London connection will enable us from this time to allow correspondents, as we have not hitherto done, four per cent. (currency) interest upon all gold balances.

We shall be pleased to correspond with you concerning any point touched upon in this circular and will give our best attention to any business you may send us.

Your truly,

JAY COOKE AND COMPANY.

Fahnestock gave his very full attention to the work of building up the new foreign connection and the relations of the London house were naturally with New York rather than Philadelphia. After January 1, 1871, the business of the purchase and sale of stocks on margins was entirely abolished in New York and Jay Cooke and Company in that city gave their care exclusively to the functions properly appertaining to an international house.

The English office was fitted up handsomely and was said to be the best private banking house in London.

A reading and sitting room for American travellers, then a novelty, was equipped and opened on the second story above the bank. There they might rest before a cheerful hearth fire and read the principal American and English newspapers. On December 3, 1870, Mr. McCulloch wrote from London where he had just arrived with his family and his partners saying:

I have rented and taken possession of a large and pleasant and well-furnished house in a fashionable part of the city at seven hundred and fifty guineas per annum. I should have been quite contented with a smaller and less expensive house but concluded that the interests of the firm would be best promoted by my living in the aristocratic part of the city and in a style corresponding with that of gentlemen in London connected with the best banking and mercantile houses. It seemed to be expected that the head of the firm of Jay Cooke and Company in London should not only live in the most respectable part of the city, but be able properly to reciprocate the courtesies which he may receive from persons of high social position. You will, I know, like my house and I shall expect that you and Mrs. Cooke will at a very early day be occupying one of the pleasantest of its many pleasant rooms. Mrs. Cooke likes London, and I am quite sure that she will not like it less when she visits it as our guest. It will, of course, as long as I occupy it, be the home in London of the partners of Jay Cooke and Company and their families. As far as I have seen London I like it, and as far as I have become acquainted with its leading men I like them. It so happens that my opinions upon finance and revenue are quite in accord with those of the most influential and popular minds in England, and I am pleased to find that I am nearly as well known and perhaps more highly esteemed in this country than in the United States. I have met with very cordial receptions and think I shall get along very pleasantly in English society. . . . I cannot of course speak advisedly in regard to business at present. Everybody seems to regard the success of our house as quite certain. They take it for granted I suppose, that a firm which has been so successful as

Jay Cooke and Company have been in the United States cannot fail of success in London. We shall do our best to make good the public expectations but *you* must not expect too much of us for the first year. Our first effort must be to establish a reliable reputation for strength, conservatism and fair dealing, the proper fruits of which will follow in due time.

Nearly all of the bankers in London with American connections at once called upon Mr. McCulloch, among them Morgan who was "inclined to be particularly attentive." On the night of December 1st the partners dined at the Reform Club to meet Mr. Morgan, Baron Schern, three members of the British Cabinet and other distinguished men. So long as McCulloch remained in England he was constantly invited to dinners and meetings at which he spoke freely upon American political subjects.[1]

Jay Cooke eagerly sought to obtain the naval agency in London which was held by the Barings. It had been given to them shortly after the Ashburton Treaty in recognition of Lord Ashburton's services in bringing about a settlement of the differences between the two governments. Cookes desired it because of the balance which was often large. The agency was an advertisement since United States naval officers drew upon the fund from all parts of the world and, as Fahnestock observed, it would "aid in the cultivation of a very large and profitable business which Barings have monopolized for years, namely the accounts of American merchantmen." Henry Cooke, assisted by Senator Cattell, after repeated conferences with President Grant and Secretary of the Navy Robeson successfully concluded the arrangement in the summer of 1871, and thus the ac-

[1] W. E. C. Moorhead to J. C., December 1, 1870.

count was taken from an "Anglo-Russian-Chinese house" and given to a "purely American" firm, though the change was not easily effected because of Grant's dislike for McCulloch. "It was a very bitter pill for him to recognize McCulloch," Henry Cooke wrote to his brother, "but he did it solely on account of his regard for us. He said he could never forget McCulloch's conduct during his imbroglio with Johnson." [1]

Soon one million dollars were deposited with Cooke's London house by the Navy Department to Barings' sorrow, although Puleston thought them deserving of little sympathy, since once when they had been asked about the American firm they had declared that they did not know anything of it, and upon scanning a list of the directors of the Northern Pacific Railroad which had been submitted to them that they did not recognize a single name.[2] The Cookes also wished the State Department account but as it was reckoned to be only one-tenth as valuable as the other, and they had promised to restrict their demands to the naval agency they were compelled for the present to curb their ambitions in that direction.

General Sargent's negotiations were still dragging on tediously when Jay Cooke's London house was established, and it was not meant that this event should in any way interfere with his efforts to place the loan with European bankers. It must have occurred to Mr. Cooke, however, that in organizing a branch abroad he would have the means of materially helping forward his great railway enterprise. The London partners

[1] May 17, 1871.
[2] Puleston to J. C., June 6, 1871.

could give their aid to Sargent when he should need it. Their mere coming there was additional evidence in the eyes of Europe of the wealth and importance of the firm which had taken the fiscal agency of the Northern Pacific. They were expected to be a check upon the doughty negotiator if he should require this attention at their hands, and if worse came to worse, Jay Cooke, McCulloch and Company could bring out the loan in Europe on their own account without reliance upon the financiers who seemed to be so shy in the presence of American railroads.

Sargent left the field in February, 1871, for a visit to America. In person he reported his prospects to Jay Cooke, soon to return for fresh endeavors. Bischoffsheim like Budge was disposed to give his first attentions to the newspapers. He told Puleston that "all the press" in England could be "secured for about £3,000, excepting the *Times* which must be arranged for separately and is the most important." [1] But as Sargent had won over Sampson, clinching the bargain with a Lake Superior amethyst for a lady's rock grotto, the *Times*, it is presumed, might in future be neglected.

Bischoffsheim was urged to lay out the Continent in districts as Jay Cooke was doing in America but he said that the plan would be new and therefore impracticable in Europe. His main reliance would be the manipulation of the markets.

For the negotiation Sargent thought that he needed a larger stock bonus, and in March Mr. Cooke went to the "pool" subscribers and asked each to surrender one-seventh of what he had received or would receive more

[1] Puleston to J. C., January 5, 1871.

freely to anoint the Jews of Europe, and expedite the process of obtaining the control of their coveted hoards. The financier wanted fifty millions and he had not yet got one. He assumed that the members of the "pool" would cheerfully accede to his request for the general advantage of the enterprise, but they were by no means a unit in agreeing to do so. William Thaw, a large subscriber in Pittsburg, backed and filled, and asked for very full information as to the cause and purpose of the call. There was much questioning of motives with unpleasant accusations in other quarters in that city which was aggrieved because it had not been given a member of the Board of Directors in recognition of its cordial response to Mr. Cooke's first call. Senator Robertson of South Carolina wrote from the Senate Chamber in Washington on March 28th:

Jay Cooke and Company:

Gentlemen:— I am in receipt of your printed circular of the 13th asking for a concession of one-seventh of my subscription to the $5,600,000 fund of the Northern Pacific Railroad Company for the purpose of securing a sale of fifty millons of bonds in England. In reply I have to say I am *not* willing to give up a seventh or any other part of the stock due me on my subscription to the bonds and stocks of the Northern Pacific Railroad Company.

I am very respectfully your obedient servant,

T. J. Robertson.

On April 5, 1871, Henry S. Sanford, for several years Minister of the United States in Belgium and still living in Brussels, in reply to Mr. Cooke's circular asking for a partial renunciation of his rights in future divisions of the stock, said: "I cannot but feel that the prestige of your loan is weakened by this long-drawn

negotiation extending now over a year in London, and where every new concession is as likely as not to be followed by new demands."

Again he wrote on April 12, 1871:

"If nothing had been said over here during the past twelve months about Northern Pacific and its fifty million loan, and a commencement now made with five or ten millions only, I would be certain of its success. As it is it has been too much talked about and discussed, too long on the market seeking a contractor and all those who have loans to place have been alarmed, some into hostility, by reason of the supposed danger of such a call upon the money market."

Upon Sanford's advice—he was never a friend of the Bischoffsheim negotiation—Sargent was persuaded to turn his attention to the Oppenheims who had a substantial old house in Germany. As a result of a good deal of manipulation they were induced to look favorably upon the proposal for an agency and, in connection with the Bank für Handel und Industrie of Darmstadt, they were expected to furnish the money which the Duluth man so long had sought. The contract was to be signed in Cologne and with this bargain in prospect Bischoffsheim in panic seems at last to have decided to conclude his arrangement; but he was to be eliminated, making him like Budge an enemy of the loan. Fahnestock paid the London house a visit in May and he, Puleston, Sargent and an English attorney for Bischoffsheim named Sharp went over to Cologne,—an impressive caravan. They together met Baron Oppenheim, and his sons and partners, the chairman and several directors of the Darmstadt bank

also being present. The latter launched a tirade against the climate of the American northwest. Sargent and the Northern Pacific promoters boasted that it was a cross between Venice and Paris, while the Darmstadt bankers said it was "Norway and Sweden." The truth seems to be that they were told that Budge had had to do with the loan and this house they considered "very fifth rate." They learned too from the Rothschilds that it had been offered to them and therefore withdrew without any more ado.[1]

Thus was the negotiation another time frustrated despite an expression of the highest hopes from all of Mr. Cooke's advisers on the subject, Sanford having been so certain of the result that he had sent in a bill for enormous commissions to cover his services to the company in turning Sargent's steps in the right direction after so much aimless wandering.

The younger Oppenheims who were more eager for adventure than the Baron cast about for new allies and found them in the Union Bank of Vienna and a group of strong institutions in Munich, Dresden, Frankfort and other German cities. Everything was settled or ready to be settled according to the cablegrams received by Mr. Cooke from his ambassadors at Cologne, when another hitch occurred and they were off to Vienna to continue the conferences. Sargent had again "secured all the press" [2] and on June 7th at half past one in the morning after "endless talk," according to Fahnestock, the contract with this new combination was signed. "The arrangements they are making," said Mr. Cooke's

[1] Puleston to J. C., May 25, 1870.
[2] To J. C., June 4th.

young New York partner, "cannot fail to secure a measure of success. They own the press, body and breeches. We shall leave Kapp here to prevent the publication of excessive exaggerations to which they are prone. I have managed to save you a lot of commissions which will make you happy, if the sales come up to our expectations. We have used in all I believe $130,000 of pool stock of which $100,000 goes to the bank and they want more." [1] The next thing the contract-makers did was to go up to Amsterdam for further chaffering and on June 20th they telegraphed: "French loan and Frankfort influence caused cancellation of contract. Shall send committee to examine before offering again." The blame was laid at the door of Budge. It was "the wonder of bankers that Jay Cooke and Company would entrust the loan to such people—a house, they say, who are just honest enough to keep out of the hands of the police." [2] They were the agents for a western American railroad (the Rock Island). Semi-annually the interest was paid through them to the German holders of bonds and just before one payment was due, so it was alleged, they had let it be publicly inferred that the company was unable to honor the coupons. In the panic which ensued they bought large quantities of the bonds, then paid the interest as usual and sold out at the price they speedily returned to.

In view of all these disclosures and with the conviction that the firm would and could do nothing to sell the Northern Pacific loan, and was indeed using its offices to prevent sale through any other agency, Jay Cooke at

[1] Fahn. to Puleston, from Vienna, June 7, 1871.

[2] Letter of Fahnestock, June 29, 1871.

once determined to buy the interest and rid himself of such disturbing influences. He had in his possession the $500,000 in gold paid him by the Budges, but they demanded a delivery of the bonds. Those which they had received they threatened to pour upon the market at a discount and exhibited so much power to stir up mischief that Philip W. Holmes was instructed to make the best terms he could with them. Thus they were at last got out of the way after a damaging association of more than a year and a half.

When Fahnestock telegraphed that the bankers would send a committee to America to examine the road the negotiation took another turn. The Darmstadt bank had had two commissioners in this country when it was regarded as a likely confederate of the Oppenheims, but the new ambassadors for the Vienna bankers were to be shown the northwest from end to end at vast trouble and expense.

This famous party numbered five, and three of them sailed with Sargent on the *Calabria* in the middle of July. They were lodged at the Gilsey House in New York. The next day they were taken to the Northern Pacific offices on Broadway and surrounded with pamphlets, maps and profiles. There they met the officers of the railroad company. "They are very intelligent gentlemen and very practical," one of Jay Cooke's informants said of the visitors. "They are plain men and are not susceptible to lionizing. They would not tolerate ovations, if any were offered." They were to go to Buffalo where they would dine with William G. Fargo, a director of the company; thence proceed by rail to Cleveland, where they would board a lake

steamer for Duluth. But while the trio awaited the arrival of their colleagues Mr. Cooke invited them to "Ogontz." They were escorted to Philadelphia to enjoy all the hospitalities of that palatial house as these were dispensed by its great-hearted owner. The party comprised Augustus Fölsch, president of the Engineers and Architects Association of Vienna; the Chevalier de Grimberg, a professor in the Polytechnic Institute of Vienna and Mr. Den Tex, Secretary of the Board of Trade of Amsterdam. Upon their return to New York they were joined by their two belated associates; Mr. Haas of Berlin, a leading director and long the general manager of the Görlitz Railway running from Berlin to the Saxon frontier, and Mr. Brertschwert, a journalist of Frankfort. No one of these men was a very important character, but it was believed that the Vienna bankers would set great store by their report which it was understood would be drawn up and signed before their departure from America. It was thought that they might wish to go to Dakota and there was some fear that they would rest their eyes upon the "Bad Lands." But they contented themselves with a trip out the Northern Pacific tracks among the wheat fields of Minnesota and a coaching excursion through the Red River Valley, stopping here and there to shoot plover and snipe. They met Vice-President Colfax who was the guest of William Windom, both enthusiastic friends of the railroad,[1] and on August 18th left St. Paul for

[1] "The Vice-President and I had a glorious time in the 'Great Northwest.' He returned with reinvigorated health and more enthusiastic than ever over the prospects of the N. P. R. R. Our party were all delighted with the country in Dakota as well as with Minnesota. We all agreed that the lands of the company which lie within sixty miles

San Francisco. Sargent wrote Jay Cooke on the 17th:

From the Otter Tail to Red River the lands are fully equal to any I have ever seen, and I now believe with you that from the junction to Red River, if properly managed, they can be sold in ten years for millions more than the cost of the line. If the commissioners were to report only on the lands their report would be all we could desire. We had delightful weather and they all enjoyed the trip very much and were very enthusiastic — at least as much so as the German character would permit them to be. They are very jealous of outside influences and wish to see and judge for themselves. There could not be better men for the business than Den Tex, Grimberg and Fölsch. Their work has been most thoroughly done and their notes are of the fullest description. Thus far all we told them has been more than realized and their report all we could wish. I have no doubt everything on the Pacific coast will be equally satisfactory.

It had been supposed at first that the men would wish a glimpse of Montana and the middle ground on the line, but Milnor Roberts who was up there with several surveying parties discouraged such an excursion. His headquarters were at Helena, 480 miles from Corinne, the nearest point by stage on the Central Pacific Railroad. He told Mr. Cooke that they could see nothing there but "mining gulches at a most unfavorable period of the year when most of the water operations have stopped for the season for want of water for gold washing." [1] Again he wrote that they would need to ride in

west of the Red River will pay for the construction of the entire road from Thomson to the crossing of the Cheyenne (300 miles). In adjusting the land grant care should be taken to make up the Minnesota deficiencies in the Red River valley on the Dakota side. That will give us one-half of the lands in a strip 120 miles wide and of the finest lands on the continent."— Wm. Windom to J. C., from Winona, Minn., September 4, 1871.

[1] Roberts to J. C., August 2d.

"crowded stages day and night four days over an arid, alkaline, horribly dusty region from Corinne to Helena, the most forbidding region save one that I know of. That one is across Idaho from Boisé City to Kelton, an alkaline sage brush desert of the most aggravated character. Owing to the want of water this is the worst season of the year for a stranger to come into this region, whereas it is the best season of the year on the Pacific coast, in Oregon and Washington, or as good as any, provided there is not too much smoke from burning forests." [1]

"We are not concerned as to what their report will be," Jay Cooke wrote to Roberts, "if they see the country as you and Dr. Claxton saw it." "It could not be seen in that way" said Roberts. "They would get back to the line of the Central and Union Pacific fatigued to death and disgusted, and with a strong impression which it might be utterly impossible to dispel. If they would begin in June and occupy the summer till September they might see the country as I saw it, but not otherwise. . . . If the Missouri River were up instead of being low, as it is, it might be pleasant to spend a month working up that stream to Fort Benton, and then 150 miles of staging would bring them to Helena, but there is no such chance." [2] This excursion being abandoned, Roberts was instructed to come down to the railroad and accompany the commissioners to the coast. The character of this accomplished engineer was such that his explanations, as they passed along, very favorably impressed the inspecting party. Their good opin-

[1] Roberts to J. C., August 7th.
[2] To J. C., August 13th.

ion of him, however, was not fully reciprocated. Roberts wrote to Jay Cooke on September 7:

> The commission does not express much admiration of anything; the majority of the remarks half in joke and half in earnest are rather sneering. Possibly they may feel more than they show. One thing is certain, they seem to have a notion that anyone they meet who praises anything has been hired to do it. They do not seem to imagine that there can be any disinterested testimony unless it is something unfavorable. They rather gloat over appearance that is inimical; at the same time I have no reason to suppose that they would state anything contrary to their belief. . . . The General has his hands full with this incongruous party.

If they did not agree with Sargent they also did not agree with one another as to where they wished to go or what they wished to see. Those that had come last desired to go back first. Fölsch is the "most conceited and obstinate man I ever came in contact with," said Sargent. "He has never met a man on any subject connected with the country, but he told him he lied at once, and he don't believe anything unless he sees it with his own eyes and hardly then." [1] After seeing Puget Sound four of the men were taken up the Columbia River to Walla Walla. Haas, who was regarded as "the most intelligent member of the commission," omitted this part of the trip and hurried back to Philadelphia with Henry D. Cooke, Jr. The others on their return journey were persuaded to stop at Gibraltar whither Jay Cooke had gone to receive them, but on the way all their notes and clothing, except that which was upon their backs, were burned up in a baggage car. Mr. Cooke smoothed their fur while they were upon his

[1] Sargent to J. C., from Portland, September 14, 1871.

island,[1] and they were then ready to return home to tell the bankers of Europe what they had seen in America. Every effort was made to have them draw up their report before sailing. Governor Smith wished it to be done while they were "in the full flush of Gibraltar entertainment, before seasickness turns them inside out and dissipates all their romantic ideas of the country they have seen."[2] He wrote on October 10th, after a final interview with them in New York: "I am satisfied you will get a strong report from them. They spoke of seeing some bad lands. I replied that of course in a road 2,000 miles long we could not expect to find a garden all the way; that in traversing the state of New York between the Hudson and Lake Erie they would find much land which in a state of nature would be called very poor, but that New York was one of the richest states in the Union. . . . We discussed the question of the ability of the road to pay interest. I stated our belief that when we reached the Missouri River and the trade of Montana, with the navigation of the upper portion of the Missouri, we should be able to show large earnings, while no portion of the road between Lake Superior and the Missouri would be expensive to operate, especially if we found coal in abundance as we believed we should in Dakota." Thus were questions multiplied and explanations and discussions continued. On October 16th Holmes was able to write from New York: "They have finally left us with the kindest feeling and the very best impressions. That

[1] "If they do not talk right I shall haul them over the coals pretty extensively."—J. C. to Smith, September 21, 1871.

[2] J. G. S. to J. C., September 30, 1871.

their reports will be enthusiastically favorable to the Northern Pacific enterprise there is scarcely any doubt." They had shown "unmistakable evidences of their good intentions."

There was now a conviction on a good many sides that the negotiation in Europe was in unsuitable hands, a rather late discovery, but it was brought to Mr. Cooke's notice very forcibly from various sides. It was said of Sargent that he could not look men "clearly in the eye," or "tell a straightforward story." He was "a firm believer in diplomacy of a small sort," and trusted "more to tricks than to the strength of a good cause and to fair dealing."[1] Before sailing Commissioner Haas had said to Fahnestock confidentially that Sargent, in his opinion, "instead of helping the enterprise abroad was calculated by his manner to prejudice European, and especially German, people." Mr. Cooke was slow to believe evil reports of any kind regarding a fellow-man and with him the presumption was in favor of everyone until there was unmistakable proof of misbehavior, but it was now clear that this business had been bungled in a remarkable way. That the last chance of making a loan in Europe had gone, the whole great scheme being, "like some unsubstantial pageant faded," was shortly made very obvious.

Fahnestock again went to Europe. The commissioners presented their reports which were only half favorable;[2] the bankers made new demands, broke all

[1] Nett. to J. C., August 14, 1871.

[2] Again and again these reports were offered to the Northern Pacific Company and to Jay Cooke and Company in the hope that large prices would be paid for their suppression but they were not made public until October 8, 1873. Despairing of "hush money" the negotiators sold Haas's to the New York *Tribune*, which on that day published it.

their promises, and escaped their contract,—and the vision of fifty millions from Europe had passed away. The Northern Pacific negotiators, in their letters to Mr. Cooke, called the German bankers "blackmailers," "pirates," "a set of scoundrels," etc., etc., to which these men doubtless responded in kind in their own tongue and the history of a transaction which would provide material for two or three *operas bouffes* was practically done.

It may be said that Mr. Cooke should have taken Mr. Moorhead's early advice about the European market for American railway bonds after the latter's failure to effect an alliance with the Rothschilds, but Mr. Moorhead's opinion upon some of the greatest occasions in the history of the firm had proven entirely valueless. It may be said that Mr. Cooke should have chosen his European agents more wisely, but he was not solely to blame for the selection of them since they came to him with recommendations from others whom he trusted, and his nature made him not proof against deceivers. He did not know Europe and he doubtless was afterward of the opinion that he should have adopted the advice of so many of his friends, joined his family when they were travelling abroad in the summer of 1870, and carried the scheme to the bankers in person without the mediation of agents. He was not in the confidences of Bismarck and Napoleon and he could not prevent the Franco-Prussian war by which the arrangement which promised the greatest success was defeated and the whole subject was returned to chaos at a time when conditions in Europe least favored the revival of the subject. The loan was then hawked about from door

to door among money-changers great and little and became the sport of every counting house. It was evident that the bonds, if they were to be sold at all, must be scattered among the people of the United States and to them the appeal was now being made with Mr. Cooke's accustomed eloquence.

CHAPTER XVI

BOND SELLING

After closing the "pool" Jay Cooke did not at once enter upon the work of selling Northern Pacific bonds in the United States. He wished to wait until the construction of the road was fairly under way so that the people could see that it was not a mere chimera of hopeful minds. The proceeds of the "pool" were relied upon to carry the line to Red River when, if it were accepted by the government, the appertaining lands in Minnesota could be secured and the great scheme for inducing emigration from Europe, establishing colonies and peopling the country could be regularly proceeded with. He also understood that the times were not very propitious for the sale. He did not need the counsel of Fahnestock, who wrote:

I can't for the life of me get up your enthusiasm in the Northern Pacific, chiefly I suppose for the reason that at every step here I am confronted by the experience of others who have bonds to sell and cannot place them. . . . To-day Central Pacific 6s, a completed and profitable road are 94 here; Unions 84; Missouri Pacifics 88 to 90, all earning money and not dependent upon Congressional favor for their actual construction. . . . People have much faith in your ability to push things but fear the thing may break down after a little, and any way the stock cannot be profitable in many years. They argue that a man may be poor with uncounted acres of land. . . . You are confident of popularizing the bonds. To do this you must

show a sure way to earn at least the interest, and half a dozen years is a good while to wait for earnings. However good you can demonstrate your bond to be you must compete with the cheaper ones offered by others. Clark, Dodge and Company brought out their Missouri Pacifics at 95. Last week they sold at 86½ and they (C. D. & Co.) will sell now at or under 90 a lot they still own. Kansas Pacific 7s have not as much land behind them as Northern Pacific but they have more road, and government aid beside in bond subsidy. It is well to look all these things squarely in the face now. I don't like the fact that capitalists of the larger sort do not take to the scheme and the heaviest takers are among parties reached by personal influence, like General Moorhead's constituents.[1]

Mr. Cooke regarded this letter as unkind. He said that he expected of his partners a greater respect for his judgments, and Fahnestock, in reply, without yielding anything, as he never did in a controversy, reiterated his convictions in regard to the project.[2]

Mr. Cooke was probably the more aggrieved because he knew that there was much truth in such statements. He hoped the financial situation would be strengthened at home and meantime he confidently calculated that several millions of dollars would arrive from Europe. It was alleged by some of his talkative foreign agents that he was seeking $100,000,000 in England and on the Continent, but he did not ask for more than fifty—the sum named in both the Budge and Bischoffsheim contracts—which would have left him, upon Milnor Roberts's estimates, only $30,000,000 to obtain in the United States.

The financier had not neglected the advertisement of the railway and his connection with it as early as in the

[1] Fahn. to J. C., June 26, 1870.

[2] January 28, 1870.

summer of 1869 when the first exploring parties were in the field. Their letters to him were sent to Harding or Forney for publication in the *Inquirer* or the *Press*. The columns of the New York *Times* and *Tribune* were still open to him. Coffin wrote from Minnesota to the Boston *Journal,* and the "pool" stock was distributed with a view to binding to his enterprise the editors of the leading American journals, but no concerted and organized efforts were immediately made to popularize the loan at home. Although the favorable action of Congress authorizing him to place a mortgage upon the company's lands was so confidently anticipated that the European negotiations were proceeded with it would have boded no good to the enterprise in this country to have acted upon the strength of such an expectation. Early in 1870, when Milnor Roberts asked for several extra copies of his report for distribution among newspaper writers Mr. Cooke said that the time for publishing the company's plans had not yet arrived.

The first important step in this direction was the engagement of General A. B. Nettleton to organize and preside over an executive department. He established his headquarters on the second floor of the Jay Cooke banking house in Third Street in the same rooms from which Sam Wilkeson had sung the praises of the seven-thirty loan. Before assuming his duties the General made a trip on horseback along the projected line of the new railway in Minnesota and Dakota to familiarize himself with the actual situation, and then settled with his family in a home in the Chelten Hills near "Ogontz" where he would be convenient for frequent conferences with Mr. Cooke.

Nettleton, as we have seen, had previously commended himself to the banker and aided him in formulating and propagating his financial views, first at Sandusky and afterward in Chicago in newspapers which he conducted in those cities. A college man and a student at law with an ability to express himself clearly and convincingly; a graduate from the four years' school of active service in the Civil War in which at twenty-six he was one of the youngest officers to win a brigadier general's star and a journalist with an excellent record he was well fitted for the post.

Once again was Mr. Cooke's incomparable genius as a maker of public opinion favorable to his financial undertakings given its full scope, and while the patriotic appeal was not so strong as in the sale of a war loan there was room in plenty for eloquent allusions to the advantages that would accrue to the country by populating a wilderness and carrying men and their goods and ideas into a quarter of the continent whose riches were not yet unlocked to the world. Jay Cooke looked at no financial plan from the eyes of a dull, grasping money-maker. He was never comfortable when he could not see progress and large national gains at the end of his way, and he urged upon all occasions that the patriotic features of the gigantic enterprise should be stamped upon the public mind.

Another feature of Mr. Cooke's policy which was developed as a corollary of his advertising scheme was his effort to bring to the councils of the company the country's leading public men. Thus, while he would be assured of their advice and support in emergencies, confidence would be inspired in the people because of a

knowledge that they were connected with it. General Schenck, who had been so useful to Jay Cooke and Company in Congress was about to enter the regular employ of the Northern Pacific Railroad when he was appointed Minister to England.[1] On December 2d Henry wrote to Jay Cooke:

In the strictest confidence General Schenck tells me that the English misison has been offered to him by the President and Mr. Fish. They have both told him that if he will take the mission the settlement of the Alabama Claims shall be withdrawn from Washington where they now are, and placed entirely in his hands with the fullest discretionary powers. He is very much tempted by this proposition, as it will be a triumphant conclusion of a long and honorable political career. I say conclusion because he has determined at the earliest possible moment to retire to private life and pursuits. On the other hand he hesitates on account of your proposition, offering him a lucrative and permanent connection with our great railroad enterprises upon his retirement from Congress, which he says affords him just the opening he desires. Now I need not enter into an argument with you to show how desirable it would be to us, to our railroad enterprises and to our London house to have a personal friend representing the government at London, and it has occurred to me that it would be well to encourage Schenck to accept the mission with the understanding that he shall push the Alabama Claims. Upon accomplishing the settlement of them he could retire from his position with as much *éclat* as if he should remain there a dozen years, and then enter upon his attorneyship for the North Pacific. Should we have occa-

[1] Mr. Cooke, always the friend of John Sherman, in spite of the latter's recent aberrations on the greenback question, supported the Ohio Senator for this post. On November 9, 1870, he wrote his brother Henry in Washington: "Sherman in my opinion would do our country and the administration vast credit. In fact he is the only man I know of who has brains and talent and an appearance that would fill the mission. If my opinion as a citizen — no politician — is worth anything, I heartily give it in favor of John Sherman."

sion to use his services in Europe in that capacity his former ministerial position will be of great service to us. . . . I confess that my first choice on many accounts for the mission would be Sherman, but there seem to be insuperable objections in the way of his appointment. The President is unwilling to spare him from the Senate.

Such encouragement to Schenck was given, and he accepted the appointment with the understanding that upon his return he would find a place awaiting him if he desired to occupy it. Mr. Cooke now turned his eyes toward no less a person than the Vice President of the United States. Between the financier and Schuyler Colfax there was a warm intimacy and the friendship was genuine upon both sides. In his bold way Mr. Cooke, early in 1871, suggested that the Vice President retire from his office and enter the employ of the Northern Pacific Railroad. Mr. Colfax declined the post, writing his friend as follows:

You took me so much by surprise in the munificent proffer you made me, conditioned on my resignation of my present position and it was so tempting, both in its amount and its labors, that it required the strongest considerations of duty to enable me to waive its acceptance. But I cannot let it pass without tendering you my sincere gratitude for this unexpectedly high appreciation of my ability to serve your company. I consider it one of the highest compliments I ever received in my life, and value it the more coming from the person it did, one to whom the nation owed so much in its dark hours of peril and trial. Although during the eight years since I was first chosen to preside in Congress I have held positions in the two houses, the salary of which does not pay my expenses (so that with the exception of what I realized lecturing during two years on my trip across the continent, I am worth less now than then) yet I do feel that having both desired and accepted the Vice Presidency of the United

States, it is a duty I owe to the millions whose votes were cast for me to serve out my term faithfully. It is not possible, therefore, to enter on the work you desired to assign to me, but I shall remember as long as life lasts the liberality of the proffer with which you honored me. I had never dreamed of any such salary, nor any sum approximating to it in the business life on which I shall enter toward the middle or close of next year, when my sands of official life shall be running low, and the public mind shall be on the candidates of the rival parties to succeed me.[1]

This response caused Mr. Cooke to change his proposal and he frankly told Mr. Colfax that a place in charge of the company's interests in Washington had been offered to General Schenck, stating the terms upon which it had been declined. He asked for the Vice President's advice in filling it. Schenck had suggested the name of William B. Allison of Iowa, but as the financier did not know anything of that man's abilities he asked Colfax: "Is it incompatible with your duties to accept a temporary position of this kind, representing us in Washington in these matters for the time being?"

Mr. Cooke himself suggested difficulties in the way of such an arrangement and Colfax replied:

Let me say at once at the outset that while for reasons you understand I could not accept the commission you proffer to attend to your interests here while Congress is in session, which has a prior claim on my time, I will cheerfully do all in my power without any remuneration whatever. I could not say less after you have honored me with such an unexpected appreciation of the value of my services, and I am only too glad to be able to assist a little in this great work.

Colfax recommended ex-Senator Benjamin F. Wade of Ohio. "The President likes him very much," he

[1] January 27, 1871.

wrote the financier on February 4, 1871, "and has great faith in him—more now than ever before." And on March 28th he again wrote to Mr. Cooke:

I spoke to Senator Wade last night about the Northern Pacific Railroad but told him I had no authority to make any proffer, of course. You could get him as agent here for all your business, if you wished, and no one would be of more value to your company in many ways. No one stands higher with the President and Cabinet. His reputation for sturdy integrity is as wide as the continent. He would not like to act as attorney in legal proceedings, though a judge and able lawyer before he served his eighteen years in the Senate, but as a worker here at the Departments, for all you have to do, no one in the United States could serve you more effectively.

Thus Mr. Wade became the Northern Pacific Company's representative at Washington, performing a very useful service to it in connection with its land grants and at other points at which it came in contact with the government, while he, with Colfax and many public men with whom Mr. Cooke established warm friendships, exerted no inconsiderable influence in creating a popular sentiment in favor of the enterprise.

With all the waiting upon the European negotiators, and the careful preparation of the American field, the bonds which were to run for thirty years, being redeemable in gold and paying interest at the rate of 7 3/10 per cent. per annum in gold, were not ready to be offered to the public until January 1, 1871. Then all the arrangements were complete. They were to be sold at par. There were general agents who were assigned to large territorial districts whose maximum compensation was six per cent. in cash and ten per cent. in stock. Thus Morgan, Keene and Marvin, afterward Marvin

and Keene of New York, were the general agents for New York State, northern New Jersey, Vermont, Canada and the West India Islands; John V. Painter of Cleveland for northern Ohio and afterward for the entire state of Ohio; Johnston Brothers and Company of Baltimore for that city and a district in Maryland; Corne and James of New York for Connecticut and Rhode Island; E. D. Jones for Missouri, Kansas and Arkansas; Brewster, Sweet and Company of Boston for that city and its neighborhood; Lunt, Preston and Kean of Chicago for some middle western states. These general agents appointed sub-agents whose commission was usually two and a half per cent. in cash and two and a half per cent. in stock. As during the war there were also travelling agents who reported to Jay Cooke directly, or to the general agents in the districts, and the advertisement of the loan was begun systematically and expensively, but in the light of all the firm's valuable past experience. Maps, pamphlets, posters, placards "Questions and Answers" and notices for the newspapers were distributed in large quantities. John Russell Young, who had passed from the *Tribune* to a paper of his own called the *Standard,* was employed to place advertisements and manage the newspapers under Fahnestock's direction in New York, the work of subsidization including the American correspondents of European journals. Hundreds of cases of Ohio wine, salmon from the Pacific coast and other purchases were charged to the Northern Pacific advertising account to limber the journalists.

The response to Mr. Cooke's appeal was disappointing from the first and he did not try to conceal his dis-

couragement from his friends; nor was an effort made to keep the facts from President Smith.[1] E. G. Spaulding, president of the Farmers and Mechanics' National Bank of Buffalo, wrote on January 21, 1871:

> Your enterprise is great in two aspects. First, it has a large grant of land which appears to be ample to secure the repayment of the money invested in the securities by private capitalists. Second: it will be a great public benefit and a strong bond of national union. . . . I will aid you what I can in your great enterprise and you have my best wishes for its success.

On January 30th Mr. Spaulding continued his observations:

> We have taken considerable pains to circulate your circulars, pamphlets and map showing the advantages and security of the 7–30 loan of the Northern Pacific Railway, but without success in obtaining subscriptions. All who have government bonds deposited with us for safe keeping have been notified but they do not seem inclined to make the change. They say that Union Pacifics are quoted at 77 1/2 to 80 on a completed road, etc., and other railroad bonds bearing seven per cent. gold interest can be had at 85. The best and only offer thus far has been $5,000 cash for your loan to the amount of $5,500. I give you this information so that you may be able to form something of an opinion as to the situation in this city and vicinity. The fact is that there has been a very thorough canvass for the sale of railroad bonds going on here for the last three years, and frequently the bonds subscribed for at par have been sold at much less figures within a few months after such subscriptions were made.

In New York, where Philip W. Holmes was in charge of the Northern Pacific sales-desk, the receipts in January, 1871, were at the rate of about $2,500 a day, nearly all in the $100 denomination to small investors. The most rigid arrangements were made to pre-

[1] Smith to J. C., January 9, 1871.

vent a trade in the bonds at a discount. When they were offered under par they were to be bought back, the difference between 88 and the cost price being charged to the advertising account. Very early such sales were reported to Jay Cooke from Boston and New York. All the "pool" subscribers had solemnly pledged themselves not to put their holdings upon the market and by ascertaining the numbers of the bonds the trouble could be traced to its source. On March 9, 1871, Mr. Cooke sent a circular letter to all the subscribers to his $5,600,000 fund reminding them of their contract and threatening derelicts with the penalty—a withdrawal of their "pool" privileges. At many times the general market became so depressed that it was a most difficult matter to keep the bonds afloat at par, and it was only by relentlessly pursuing all dealers who offered them at a discount, and the exhaustion of the supply that the price could be maintained at the various agencies. It was sometimes several weeks before the bonds which it had been necessary to take back to prevent a demoralization of the market could be disposed of again, and Jay Cooke and Company were receiving new money which could be devoted to the purpose of building the railroad.

A very important feature of the general scheme of publicity for the Northern Pacific Company was the employment of lecturers for whom meetings were arranged by the general agents in order to enthuse the people in their districts. The principal of these was C. C. Coffin, the "Carleton" of the expedition to Minnesota in the summer of 1869. He had a lecture called "The Seat of Empire" which was delivered over and over again, especially in New England. He had en-

gagements for nearly every night in the first months of 1871, repeating his address a number of times in Boston, once before a great meeting in Tremont Temple, called at the instance of the Governor of Massachusetts and many other well known men.

S. Garfielde, the eloquent delegate in Congress from Washington Territory, N. P. Langford, who had just returned from a visit to the Yellowstone region, deeply impressed with its wonders, and several others were pressed into the service with undoubted advantage to the enterprise. Vice-President Colfax wrote and sometimes spoke for the railroad. S. Wolf, Recorder of Deeds in Washington city, was engaged to lecture in German in the West and Thomas A. Scott at Jay Cooke's request gave him a pass to Chicago over the lines of the Pennsylvania Railroad that he might imbibe the spirit of the region upon whose charms he was to dilate.

In Philadelphia there was organized in the Academy of Music for the evening of June 12, 1871, a great meeting, which was addressed by William D. Kelley, his subject being: "The New Northwest." Four thousand people attended and half as many more were turned away from the doors. The call was signed by a large number of prominent citizens, including J. Edgar Thomson, Morton McMichael, John W. Forney, Thomas A. Scott, Asa Packer, Isaac Hinckley, W. W. Harding, Alexander G. Cattell and Company, M. Baird and Company, Samuel M. Felton, A. R. McHenry, George H. Stuart, D. B. Cummins, S. I. Comly, E. C. Knight and Company, and many others. Governor Geary presided and there were scores of vice-presidents fully representative of the business, political and various professional interests of

the city, and a few dozen secretaries, principally newspaper men. On this occasion Jay Cooke's name was not mentioned, nor was he present. He was at Gibraltar quietly fishing in the waters of Lake Erie.

The zealous Northern Pacific bond agents were constantly urging him personally to visit their districts and he occasionally did so, addressing small groups of bankers and capitalists. In April he attended a reception in Providence, R. I., at which he met 100 or 150 of the most prominent men of the city. Guests were admitted only upon invitation and he spoke to them in his direct way upon the subject uppermost in his mind.[1] "Hold levees as I do every afternoon with the brokers and bankers of the street," said Jay Cooke in writing to his brother Henry in 1871, "and go into a thorough explanation after a thorough reading of the documents. Spread out your maps so that they can see them." All the Northern Pacific lectures were fully reported in the newspapers and by various devious and ingenious means the railway was brought to the attention of the people until their imaginations were fired to visions of the future wealth and grandeur of this portion of the Union.

In the summer of 1871 a journalist, M. C. Hazard, planned an editorial excursion to the Northwest on a very expensive scale. Nettleton asked Mr. Cooke if the money should be invested and he—always prodigal in the presence of newspaper writers—said "Go ahead! I have great faith in being kind to editors." [2] However, the Secretary of War would not agree to provide an

[1] C. A. James to J. C., March 31, 1871.

[2] Nettleton to J. C., June 22, 1871, and J. C. to Nett., July 1, 1871.

escort and the trip was not extended beyond the Red River valley, where the Indians no more abided. The excursion left New York on July 13th, and it was managed by T. C. Evans, one of Mr. Cooke's journalistic lieutenants in that city. The party included Charles A. Dana of the New York *Sun;* D. G. Croley, managing editor of the New York *World;* Bayard Taylor of the *Tribune;* Ex-Governor Bross of the Chicago *Tribune;* M. C. Hazard of the Chicago *Post* and the New York *Independent;* General Hawley of the Hartford *Courant;* a man named Bartlett of the New York *Herald;* H. J. Raymond, Jr., of the New York *Times;* C. C. Coffin and one or two more. They travelled from Buffalo to Duluth, the length of the lakes, at the expense of Jay Cooke and Company and over the line of the Northern Pacific Railroad as far as it was completed, then to be driven in coaches through the wheat-lands of the Red River valley and carried by boat to Lake Winnipeg and back again,—to write of their experiences with the good grace which most men display when they are receiving pleasure at another's expense, especially when they know that he expects it of them. "Away we went over the long undulations of soil," said Bayard Taylor, in the *Tribune,* "past the glimmer of virgin lakes, through the unshorn gardens of the wilderness. Prairie grass and western winds, blue sky and bluer waters, vast horizons and flying clouds, and wanton interchange of belted light and shadow—they all filled us, if not with a new delight, yet with one which never grows stale from experience."

Grains, fruit, minerals and other products of the Northern Pacific lands were displayed in rooms set aside

for this purpose in Jay Cooke's banking houses, and were viewed by many people to the advantage of the loan; and an exhibit was prepared for the Minnesota State Fair at St. Paul in the autumn of 1872, being successively transferred afterward to the New York State Fair at Elmira, the American Institute Fair in New York City, the Maryland State Fair and some county fairs in Maryland.

The sales of bonds in the New York office in May, 1871, aggregated about $150,000. The total sales for all the agencies during the first two weeks in June amounted to $300,000 and the month yielded about $600,000. The movement, when it was at its height, did not go very far beyond that limit, although during a few favored seasons the returns totalled $1,000,000 or $1,250,000 monthly. Moreover, it was costing an enormous sum to get the subscriptions. The expense of exploitation, as Jay Cooke told the officers of the company, was out of all proper proportion to the return. James B. Montgomery, who was a "pool" subscriber and had aided General Moorhead in his campaign in Pittsburg was now on the Pacific coast. He had taken the agency for Oregon and Washington Territory. If he could secure large subscriptions there it was thought that it would be a good advertisement for the loan, but he found money scarce while business was still conducted on the basis of gold values. Idle funds were loanable at one and a half to two and a half per cent. per month, and he despaired of sending Mr. Cooke any material aid from that quarter.

Agents were multiplied. As in the sale of the government seven-thirties, clergymen, lawyers, storekeep-

ers and postmasters in communities which lacked banking houses were appointed to take subscriptions, but numbers of them never sold one bond. The most useful and effective agent anywhere was Mr. Cooke's friend, Henry E. Johnston of Johnston Brothers and Company of Baltimore. His wife was a niece of ex-President Buchanan and both Mr. and Mrs. Johnston had interests in the "pool." His friends said that he had "Northern Pacific on the brain."[1] This banker had Mr. Cooke's perfect faith in the success of the enterprise and made the loan a personal matter, warmly recommending it on all sides. Up to January 25, 1873, he had sold $1,700,000 of the bonds, more than one-eighth of the whole amount—barring the "pool" sales,—which had been negotiated through all the agencies.

Mr. Johnston sought to bring John W. Garrett of the Baltimore and Ohio road into the Northern Pacific, but the invitation was pretty peremptorily declined. He said that the future entirely "depended upon Mr. Cooke's ability to sell the lands and people the line of his road with settlers, that he knew Mr. Cooke's energy and wonderful adaptation for the business, but that he was no believer in the success of new roads until they had gone through the ups and downs that were sure to come."[2] Mr. Cooke therefore suggested that Baron Gerolt, the Prussian minister, who was about to depart for his German home after a long residence here, should mention the subject to Mr. Garrett. The Baron and the Baroness were visitors at "Ogontz." Henry Cooke told Gerolt that Budge had worked to disparage the loan in

[1] Johnston to J. C., January 31, 1872.
[2] Johnston to J. C., August 7, 1872.

Germany and hoped that upon the minister's return "he would be able in great measure to counteract the popular prejudice." He said he had no doubt of it. Henry wrote to Jay Cooke:

Some little time ago he told his bankers in Berlin to sell out his other securities and invest them all in Northern Pacifics. He said he did this, not only because he believed it to be a good investment, but because he wanted to show the public his confidence. He told me to say to you that we could command him in any proper way to advance the interest of our enterprise.[1]

A man of this faith, and of this position in the esteem of his own people and of Americans could well approach Mr. Garrett. After the visit the Baron wrote Mr. Cooke as follows:

He has no faith in the success of the enterprise if carried farther than the Red River, and thinks it cannot pay any interest on the capital invested, for want of business, for a long time. He seemed to be unwilling to take any other view of the matter. In regard to your plan to bring Duluth into direct communication with Baltimore, to facilitate the transportation of emigrants to the Northern Pacific Railroad, Mr. Garrett was favorably impressed.[2]

On October 10th Mr. Garrett wrote to Henry E. Johnston as follows:

I have read with interest the communication of Mr. Jay Cooke of the 10th ult. which you did me the favor to hand to me in reference to the relations that should be established between the Northern Pacific and the Baltimore and Ohio companies for the purpose of developing the trade of Baltimore. I agree with Mr. Cooke that it will be desirable to establish lines of steamers between Duluth and Sandusky, and I am satisfied that a great trade can be thus built up. It is not the policy of the Baltimore and

[1] H. D. C. to J. C., July 3, 1871.
[2] Gerolt to J. C., May 21, 1871.

Ohio company to purchase and own steamers for such connections, but it will cordially co-operate with the Northern Pacific in making such arrangements as will induce capitalists to organize and maintain such a line.

I have frequently presented the subject to parties connected with lake interests and trust that at no distant day this important connection will be successfully formed.

The financier had no intention of letting any one nourish unfavorable impressions concerning an enterprise of his, and the wealthier and more influential the opposition the more he strove to allay it. He had heard of A. T. Stewart's hostility. On April 7, 1870, Jay Cooke wrote from New York to his brother Henry:

Fahny and I dropped in at A. T. Stewart's store and found him there and had a good chance to talk Northern Pacific. I did not let him know that I had heard of any remarks of his, but as I stood buying some silks for Sallie and Lollie [Mr. Cooke's daughters] and I said in answer to his remark that these were not good enough, that we must wait till we finished the Northern Pacific before we could be extravagent, I watched him and saw him wince slightly. He did not know that we knew of his antagonism, the remark came in so naturally, and I gave him no room to suspect my motives. The buying of five silk dresses and a bonnet was such a natural thing that I got in lots of remarks about Northern Pacific. The goose thought it started from St. Louis. He really has no antagonism and it was doubtless a remark of chance and uttered through ignorance. I gave him one of Sam's pamphlets to read, explained how glorious the land and climate were, the importance of the road, bringing his silks from China 1,600 miles nearer New York, etc., etc., so that if he is ever talked to again he will see it in a different light. He went with us all over his establishment and we could hardly get away from him.

The early history of the construction of the Northern Pacific Railroad was marked by a good deal of scandal.

While much of the trouble arose from local rivalries and jealousies, and flourished in rumor, the actual condition of affairs occasioned Mr. Cooke great anxiety. The impression of misfeasance was fed by a deep-rooted distrust of President Smith and the Vermont Central "clique." "It is certainly quite improper, not to say absurd," wrote Henry Blood, "to take three directors from a single small state in a great national undertaking of such magnitude and importance, when so many great states equally interested are entirely unrepresented." [1]

At a time when so many men were stealing or being stolen from, if indeed they did not combine the two experiences to enjoy them simultaneously, suspicions were easy of expression. The festival of fraud and thievery on the middle Pacific line would not soon be forgotten and the corruption of manners and morals following the war by a party of men rendered arbitrary by untempered power made the people oftentimes unduly distrustful.

That there was some actual dishonesty in the awards of contracts and the execution of them on the line of the Northern Pacific Railroad, both in Minnesota and on the Pacific coast, is certain, but the jobbery was magnified and it was promptly and summarily brought to an end by Jay Cooke. There never was a suspicious circumstance in the career of any employee of his houses or companies which was not investigated to the uttermost. He was still seeking information in regard to and reproving the cashier of his Washington bank. An unpleasant case was under examination in his Philadelphia office and he was not slow in entering the lists to combat the evils which were brought to his

[1] To J. C., May 5, 1871.

notice in the management of the Northern Pacific Company, a task made the easier for him by the purchase of one of the original shares held by the Chicago and Northwestern Railroad Company, thus giving him 13/24, or a majority interest in the road.

The work of construction which was begun with some *éclat* in February, at the point which had been selected as the junction with the Lake Superior and Mississippi Railroad, made no substantial progress for several months. General Ira Spaulding was appointed by President Smith as the engineer of the Minnesota Division. The work of building the first section of the track was entrusted to a construction company which it was said was composed of officers and employees of the railroad. This state of affairs led to charges which were duly carried to Jay Cooke. He was reminded by several subscribers to the "pool" that the Crédit Mobilier in connection with the Union Pacific Railroad had led to such scandals that even a rumor of the repetition of them on the northern line would ruin the enterprise before it was fairly launched. The reports were alarming and his fears were increased by the representations of the members of the party which visited Duluth in the summer of 1870 in connection with the ceremonies attending the formal opening of the Lake Superior and Mississippi Railroad. Chief Justice Chase, Governor Marshall, the officers of the company, and a large number of guests inspected the route from St. Paul to Duluth. William G. Moorhead was in Minnesota at this time experiencing a return of his qualms, having indeed a very severe attack of the phobia from which he suffered as soon as he was out of Mr. Cooke's sight. He

knew there was corrupt speculation in the building of the road and he again wished to wash his hands of Northern Pacific and the firm which was constructing it. Most of the officers of the company were "in a ring to get rich out of the business of furnishing supplies." "The only salvation" was Milnor Roberts, who, after the survey and report of 1869, had returned to his regular avocations. The company must appoint Roberts, "whom we know to be honest and with whom no party dare tamper—with power to remove and appoint at will."

It was cause for remark that the road had not been allowed to take a more direct course, after leaving the junction near Thomson. Spaulding, who should have been out on the line of the road, had offices in St. Paul. He removed them to Minneapolis where he was offered "the elegant mansion of Judge Atwater free of cost." This act aroused St. Paul's partisans and led to unspeakable bitterness. Governor Marshall, whom Mr. Cooke retained to inform him of the course of affairs in Minnesota, loudly denounced Spaulding and the Northern Pacific management. He thought it would be fatal to "identify" the road with "a second-class town." "St. Paul," he continued, "is the railroad and commercial centre of Minnesota just as New York is for the whole country, and it would be as improper to move the company's offices to Jersey City or Brooklyn as from here to Minneapolis. . . . Governor Smith comes here once a year and is politely entertained and fêted and has no opportunity to see through business and detect abuses." The good lands on the line of the road were being "gobbled up." Mr. Windom, the Minnesota

member of the Executive Committee, Marshall regarded as a "mere politician," which "spoiled him for any business usefulness to the company. He is not a shrewd or sagacious man in any respect. He is better to go to Congress than for anything else." [1]

Banning, another St. Paul man, also assailed Windom and the Minneapolis "conspirators," who were pecuniarily interested in the construction company, using it under "Bill" King's management to place Windom in the United States Senate. "Now I tell you, Mr. Cooke," wrote Banning, after stating his case, "what you want is so far as is possible to strip the Northern Pacific enterprise of all this slime. It is too great a thing, of too large consequence to the country and the capital involved to be made the football of politicians, or the means of affording nourishment to such jackals and vultures as are hovering around it,"—language which, if somewhat mixed in its metaphors, was in no wise equivocal in meaning.[2] Up to this point Edwin F. Johnson, who had so long advocated the construction of a northern line to the Pacific coast, had been the company's chief engineer. Mr. Cooke now demanded a complete change of engineering administration. If Spaulding did not go out of St. Paul or Minneapolis Johnson did not venture away from New York. On October 1, 1870, at a meeting of the Board of Directors, Mr. Moorhead effected an amicable transfer of Johnson, who was deaf as well as old, to the position of consulting engineer, giving him $1,500 a year for his good will, at the same time installing W. Milnor Roberts as the chief

[1] Marshall to J. C., from St. Paul, August 6, 1870.

[2] Banning to J. C., September 23, 1870.

engineer of the road, and Daniel Linsley as his assistant.

Roberts instantly caused all surveying parties to cease work and report to him for further instructions. He resolved upon a thorough reform in his department; each man hereafter would be responsible to him in person. Linsley was at once sent to Minnesota where only sixteen miles of track had yet been laid and this he said required extensive repairs to protect it from frost during the coming winter. Roberts himself was needed at the eastern end of the line, but he determined, after consultation with Mr. Cooke, to go instead to the Pacific coast, where twenty-five miles of the road from Portland, in the direction of Puget Sound, must be built before January 1, 1872, else the company would lose its charter. Smith and his advisers had early sent General Sprague to Oregon and Washington Territory to represent the company's interests, and he was to be joined by Judge Rice, General Cass and Mr. Ogden of the Executive Committee. None but Judge Rice went and when he reached the coast he was in much haste to put the work under contract. Sprague's services had been largely performed incognito. He had busied himself in inspecting and picking up lands for the company in advance of the location of the line, and Rice found that practically nothing had been done by the corps of engineers in service on that coast. The Northern Pacific bill, in which the time for completing the first twenty-five miles was extended from July 1, 1871, to the following January, had not yet passed Congress, he argued by way of apology, and he made his arrangements rather precipitately for this reason. He chose the route and let

the contract to Canda and Company with so little formality that he was at once charged with a corrupt interest in it. He was ordered by the Board to stop his operations on account of their "excessive cost" and upon Roberts's election, to await his arrival out, but for some unaccountable reason Rice took no note of these instructions and went forward regardlessly. General Moorhead wrote to William G. Moorhead, that Rice must "either be corrupt or too easily managed by Canfield, whom I have a very bad opinion of. If such schemers are to manage and control the millions that are to be raised for the Northern Pacific it is time to get from under. Jay should know of these things, and knowing of them they should be corrected. Canfield is not a fit man to be on the Executive Commitee of the road nor at the head of the land committee. Roberts is an honest man and Canfield will soon show his hostility to him if he has not already done it." [1]

Jay Cooke and Company were authorized by the contract to purchase iron and materials for the construction of the road when they could do so with advantage to it, and they sought from Governor Smith as many privileges of this kind as he would give them. Mr. Cooke had sent around the Horn two vessels laden with rails for the first twenty-five miles leading north from the Columbia. As they had not arrived Rice ordered more in San Francisco for which he paid $80 a ton in coin. At Omaha, on his way home, he bought fifty second-hand flat cars at $500 each, currency, and under all the circumstances it can be understood what Roberts meant when he wrote to Mr. Cooke that his position,

[1] January 14, 1871.

after arriving on the coast, was "delicate." Canfield said that to stop the work was to ruin the enterprise east and west, and Smith conciliatingly proposed that Mr. Cooke, with his wife, accompany him and Mrs. Smith on a transcontinental trip for a personal inspection of the route. From San Francisco they would go up the Sacramento Valley to the end of the railroad, proceed in stages down the Willamette Valley to Portland, and there take a steamer for Puget Sound. Judge Rice wrote with great bitterness when Mr. Cooke upbraided him for his course and announced that his contracts would be re-let under the advice of the engineer,[1] which Roberts said later saved the company a quarter of a million dollars.[2]

But the road went forward inexorably with the engineer in tolerably full control. The southern terminus was situated at a point on the Columbia River within reach by boat of Portland, and here was founded the city of Kalama. On February 4, 1871, it already contained twenty-five houses, fifteen tents, six stores, one tin shop, three blacksmith shops, two shoe shops, nine restaurants, a telegraph office and a saloon. Two hundred and fifty town lots changed hands on the "first day" at from $350 to $800. The first religious services were held in the tin shop and a little later the corner stone of a church was laid in the presence of 250 persons. A number of Chinamen were employed, clearing a way for and grading the road in Oregon. The outlook for the completion of the first section was at length so favorable that the engineers were sent out to choose

[1] March 6, 1871.
[2] Roberts to J. C., April 6, 1872.

the course for the next forty miles, which were to be finished in 1872, and Roberts returned to the east to attend to the company's interests in Minnesota.

The suspicions of improper management in that state were not yet by any means allayed. On January 15, 1871, William G. Moorhead and S. M. Felton jointly wrote to Jay Cooke:

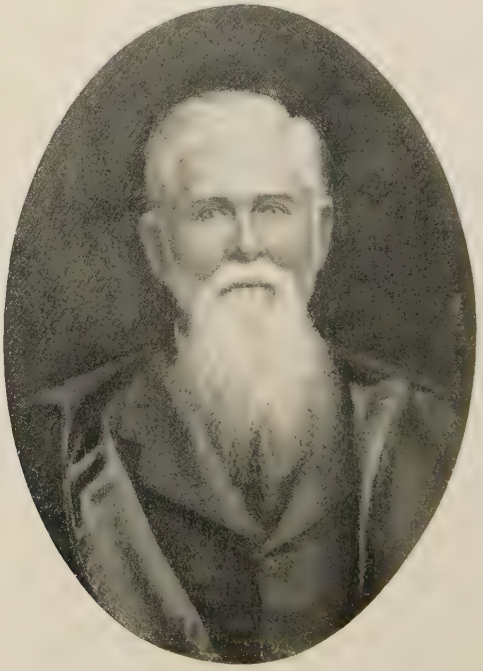
> Since you left we have had conferences with several of our friends and stockholders here about Northern Pacific affairs, and we find they are in decidedly bad odor, owing to the impression that the contracts are in the hands of a ring, and are to be so kept. One gentleman we have seen from Europe is a large subscriber and is very emphatic in his language of condemnation of the manner in which the road has been built. He says if this plan is pursued in the future it will ruin the reputation of all concerned in the road. . . . There must not even be a taint of suspicion in any of our operations. If there is to be a ring to manage our contracts please count us out of any farther participation in Northern Pacific.

On March 22d J. Edgar Thomson, having been told that Milnor Roberts was not in full command of his department, wrote to Mr. Cooke as follows:

> Unless some change is made in your engineer department by which its head will be made responsible for the location and economical construction of the railway I do not think that any amount of bonds that you can sell will complete the line. No competent engineer can succeed in conducting this enterprise to a successful conclusion unless he has entire control of his department which should include the appointment of all his subordinates, determine the time for letting the work and control its execution. At present, according to Mr. Roberts, there is no system observed in the management of the work whatever and without this it seems to me the financial department will soon be at sea without a rudder to steer the course of its ship.

JAY COOKE

From a crayon sketch by Robert W. Vonnoh



JAY COOKE

From miniature portrait by Sara N. Bartle, in

Not only did the jealousy of Minneapolis and St. Paul lead to bitter charge and reproach, but there was absurd and unseemly rivalry between the new city of Duluth, which had sprung up like a gourd in the night, and the older town of Superior, lying across the Minnesota line in another state. Superior was "high and dry without railroad facilities or any real business" and was "owned by many active politicians and speculators, a considerable number of them in the Northern Pacific." [1]

Duluth was Jay Cooke's city in every sense of that word, and its progress was rapid. Governor Marshall, when there in the summer of 1870, computed its population at 3,000, 2,000 of whom were employed directly or indirectly upon the railroads and public works. Dr. Claxton, who had been a member of Roberts's exploring party on the Pacific coast in 1869, was also a visitor to Duluth in the summer of 1870. "It is not," said he in writing home to Mr. Cooke, "the Duluth of a little more than a year ago with its 105 inhabitants and its 15 or 20 rude buildings on a strip of land between the unbroken wilderness and the waters of the greatest of lakes." He found in the new city two hotels and two churches, Presbyterian and Episcopal.

"The progress of this town is remarkable," William G. Moorhead wrote to Mr. Cooke from the head of the lake on August 22, 1870. "It quite equals that of San Francisco for the time, and under the circumstances. . . . The future of Duluth is a fixed fact."

In the following year, 1871, E. W. Clark and Company established a branch house in the city in order to loan money upon grain stored in the elevator which had

[1] Henry Blood to J. C., June 11, 1871.

been erected there, and to forward the shipping interests of the place. B. S. Russell, a Pennsylvania state banker, who had long had friendly relations with the Cookes and Clarks, took charge of the office. He gave some attention to agriculture on vacant town lots to test the soil and climate. He raised peas, potatoes, tomatoes and other vegetables, even experimenting with the sugar beet from Swedish seed forwarded to him by Mr. Cooke.

By those who distrusted the city's future, and they were many, it was called "Jay Cooke's Bubble." It lacked a *Hinterland* and it would soon wither as a flower whose roots were in a soil which contained no sustenance for it. Governor Marshall suggested the establishment of manufactories and a firm from Chicago was pecuniarily aided by Mr. Cooke, opening a plant for making machinery, car wheels, car springs, sledges, etc., with the promise of the repair work of the railroad companies. But the progress, however rapid, could not satisfy all of Duluth's eager friends. Those who had settled in the city, or had bought land there, and viewed its advancement from afar, were fortune hunters. They wished its population to double monthly, and the value of their investments to enhance with proportionate speed. In the old Superior city the hand of Smith and his Vermont friends was seen and Duluth's watchful advocates were certain that by some subterfuge it was to be made the lake terminus of the road. The jealousy of the rival towns was laughable. The Duluth people designated the residents of Superior, who lived on low, flat ground, as "swamp-jumpers." The latter retorted by calling their neighbors "hill-climbers" and

"cliff-dwellers." In his Memoirs Jay Cooke writes as follows:

"As the natural entrance to the harbors was several miles from Duluth and the channel was constantly being filled by shifting sands, Duluth proceeded to cut a canal near the base of Minnesota Point, from the lake to the bay, which opened a magnificent harbor in front of the new city of Duluth and which has ever since proved an unobstructed and perfect entrance in all kinds of weather. The owners of Superior immediately commenced injunction proceedings, claiming that the natural outlet was being damaged by the new opening, and pursued their opposition so vigorously that a decree went forth from the government that a dyke should be built across the bay from Rice's Point to Minnesota Point, so that the body of water flowing down from Fond du Lac to the natural outlet should not be diverted. Some thousands of dollars were contributed by Duluth to give its rival this required protection, casting upon the young city a heavy burden which it was not able to bear. All this expenditure was wasted as the dyke was soon washed away. It is now wholly a thing of the past and it failed utterly to accomplish any good purpose."

The people of Duluth could not doubt Mr. Cooke's loyalty to them, and while he was constantly alert, even holding conferences at his office in Philadelphia with representatives of the Wisconsin and Minnesota state governments in a vain endeavor to induce the former to cede a small strip of territory so that the two towns could be merged, they were convinced that he did not know of all the machinations which were on foot to "side-track" them. They therefore wrote to him and

visited him, carrying to him many stories which reflected gravely upon the honor of the Vermonters.

The people of Duluth ill brooked the delay in the construction of the railway docks. If these were built they conceived that they would have a pledge of the company's good faith and the city might go forward to its grand destiny as the metropolis of the Northwest. General Spaulding, the Northern Pacific's Minnesota engineer, "never hesitates to say that your influence in favor of Duluth amounts to nothing," wrote Henry Blood to Jay Cooke, "and that the work will be conducted without reference to your dictation. . . . I think that Governor Smith wishes to delay all expenditures at Duluth until the Missouri River is reached and then push the road eastward across the St. Louis River, and so thwart the Philadelphia interests who have put their money so freely into the western end of the lake." [1]

Mr. Cooke was not at all slow to bring this, as well as all other matters of the kind, to the attention of Governor Smith, who wrote on June 20th that Milnor Roberts was about to go to Duluth to determine upon the question of the docks. "I am as anxious as you to have this matter settled," he said, "and while I owe the people of Duluth no obligation whatever, as I have received nothing but insult and abuse from them from the first, yet this makes no difference with me in regard to the full and fair discharge of our obligations as to improvements and expenditures to be made there." "The people of Duluth," he continued, "seem to have studied how they could best affront and misrepresent every gentleman connected with the enterprise in the board except those

[1] May 5, 1871.

connected with your house." He wished that Mr. Cooke would not allow himself to be "annoyed by the stories which were carried to him. In the main all was right barring a few "casualties" like "the dropping out of the bottom of a swamp."

After a long conference with the officers of the road regarding the work that lay before him Roberts wrote to Jay Cooke: "I could not, or did not notice any disposition to delay works at Duluth longer than to be certain that the company should be expending their funds where they would count hereafter as part of a permanent system. We devoted a good deal of time to the consideration of the situation and question of dock construction at Duluth."[1]

Having made an examination of the water front of the new city Roberts said: "The more I study the position of Duluth and the natural characteristics of the waters outside and inside of Minnesota Point the more I am impressed with the remarkable share which nature has had in shaping them for the accommodation of a vast commerce. . . . Those inner bays, Superior Bay and St. Louis Bay, constitute one of the grandest natural harbors in the world."[2] The Northern Pacific directors held a meeting in the new city in the summer of 1871, when it was definitely announced that the terminus would be located there, thus for a time restoring the equanimity of the people. But their reassurance was only temporary and on November 25, 1871, Mr. Cooke was again impelled to write to Governor Smith:

[1] June 17, 1871.
[2] Roberts to J. C., July 8, 1871.

I cannot for a moment believe that there is any conspiracy of this kind, or that any encouragement has been given to the Superior people. . . . One thing is certain — and I give fair warning to all concerned — that I will resign at once all connection with the financial agency if I cannot trust implicitly the gentlemen associated with me. No more solemn compact was ever entered into than that my personal wishes in regard to this little matter of the terminus should be respected. It has formed part of my defense in undertaking this gigantic matter, and was the principal motive, I can assure you at the beginning. . . . It is too bad that I am continually worried and troubled about this paltry matter. I do not care a snap for the property or the profit upon it. I will deed over to the Northern Pacific Railroad every dollar's worth of property I have in Duluth if if they will accept it as a present. I have not bought a dollar's worth of property there since taking hold of the Northern Pacific enterprise, but I am determined that my good faith and statements shall not be dishonored by any one.

On November 20, 1871, Mr. Cooke wrote to William B. Ogden:

You know my anxiety in regard to carrying out cherished plans and this is one secret of my success, I believe. I have never yet failed in making good my statements to friend or foe. The mere matter of building up this city, or that city, so far as personal interests are concerned, is nothing, but it is a great deal when a large community have learned to trust in your promises. It is much then to see them fulfilled, and experience has taught me that unless I fight this battle almost monthly, the results that I have anticipated will be wasted away.

The road, having crossed the Mississippi at Brainerd, had by this time reached the Crow Wing River. There the railhead awaited the construction of a bridge. "Where the road purports to be finished," Nettleton wrote to Mr. Cooke on August 12th, "it is superb—a credit to all concerned. Over the completed portions

we made excellent time and the smoothness and evenness were commented on by all. Mr. Ogden volunteered the remark that he had never seen so good a new road in America by thirty per cent."

"One perplexing thing about the road east of Brainerd," this informant continued, "is this: portions of the track over or near lakes continue to sink. A sink occurred near Mud Lake on Thursday and Linsley was forced to build half a mile of track round the break to enable the directors to get through."

Another report came to Mr. Cooke's ears causing him much real anxiety. More than thirty liquor shops and a number of gambling dens were opened at the junction with the Lake Superior road, and the dealers, many of whom had earlier plied their trade in the mountains on the Union Pacific line, followed the laborers as the railhead advanced. "So enterprising and persistent are some of the men engaged in this infamous traffic," wrote General Spaulding, "that they have taken their liquors up the Mississippi and thence, in canoes, by circuitous routes for hundreds of miles, establishing themselves in the wilderness many miles ahead of the contractors." Mr. Cooke at once ordered that the gang should be broken up. Banning said that he had put twenty-five or thirty of the men in irons and carried them to St. Paul, where they were convicted and sent to prison. When they were driven from railroad lands they frequently set up their shanties on government ground. It was ordered that the trains should not stop at the junction in order to cut off the men's supplies, but it was impossible entirely to rid the contractors' camps of their evil company.

It was now necessary that the engineers should determine the course of the line across the mountains, else the rails on the prairies of Dakota might not be pointed aright and it would perchance be necessary later to change the direction of the track, which must go west by the most direct route. Thus it was that Milnor Roberts had been engaged busily in and around Helena when he was called upon to accompany the European commissioners to the Pacific coast. Under escort of a considerable body of United States troops he examined the upper valley of the Missouri and the Yellowstone valley where Indians abounded, though none harmed him. In the mountains Roberts often rode his horse sixty miles a day, taking notes upon the pommel of his saddle as he passed along. He personally visited eight passes in Montana with a view to finding the best crossing place for the rails. In October Governor Smith told Mr. Cooke that the track in Minnesota had been laid to a point 196 miles west from Duluth and the Red River was not far away. He was then letting the contracts for the next section which would carry the road to the Missouri River.[1]

Upon the appertaining lands the warmest encomiums were passed. As the surveying party proceeded in Dakota, General Rosser who was in charge of it made a careful examination of the soil with a view to running the line through the best agricultural lands, at the end of every day's work digging with his own hands a hole in the ground deep enough to determine fully the character and depth of the soil. "While of course this varied in the whole distance," said Smith in reporting the mat-

[1] Smith to J. C., September 30, 1871.

ter to Jay Cooke, "yet in no instance did he fail to find a good depth of black, rich prairie mould and, for a large portion of the way, a good clay sub-soil. What do you say to this for Dakota?"

The engineers to Smith's delight discovered that the route straight across from Red River to the Missouri was "far superior" to the detour by Devil's Lake which had been advocated by one who was never his friend, Governor Marshall of Minnesota.

Mr. Cooke was in no frame of mind to feel elated by Smith's haste in striding on to the mountains without regard to the difficulties which were being encountered in the sale of the bonds. The great fire in Chicago exerted upon the Northern Pacific enterprise an influence which was more than transiently disastrous to its fortunes. It brought home to men a sense of the instability of many temporal things—such as property values and the hopes, ambitions and fates of cities set upon the western plains. In Europe where the people had not yet learned how to pronounce the name of the city, and knew but vaguely where it was, the catastrophe resulted in a simple resolve to cast all things American into a limbo of crudeness and insecurity. They would invest their money in more firmly established neighborhoods.

Mr. Cooke was absent at the time at Gibraltar, where he had just received the German commissioners. Subscriptions were at once taken in all the eastern cities to relieve the wants of the sufferers. George C. Thomas headed the list in Philadelphia with $2,000 and Pitt Cooke in New York subscribed $10,000. The immediate result of the disaster which was made worse by reports

of destructive fires in the timber and prairie grass of Michigan, Wisconsin and Minnesota was a panic in the stock market, the worst since the Gould and Fisk performances culminating in "Black Friday" in 1869. In Philadelphia Charles T. Yerkes and Company failed and other houses closed their doors, but happily very few if any Northern Pacific bonds were thrown upon the market. Jay Cooke early appealed to Boutwell for the aid of the Treasury Department in restoring quiet to the markets but the Secretary did not think the emergency grave enough for the use of his offices. The financier was very much disturbed at the outlook at this time and it was by no means encouraging even after the apparent restoration of confidence. He aimed to check the Northen Pacific managers in their mad career. On October 16th Smith wrote from New York as follows:

I have yours of the 13th. I think you overrate the dangers of a panic. That the money market may be a little stringent is quite probable, but there is really nothing to make a panic out of. Every day renders the prospect for Chicago more encouraging and the pluck of her people is doing much to restore confidence. While the sale of bonds may be therefore temporarily affected, as no doubt will be the case, yet I see no occasion for alarm, nor do I think we should apply the brakes so hard as to stop the wheels of our enterprise altogether. . . . Unless the iron is purchased now we cannot get it in season for use in the early spring and there will come a time then when we should be compelled to stop work waiting for materials, which would seriously embarrass our whole enterprise and justly lay us open to censure. . . . I fear you do not realize what an immense amount of labor is required to get materials to our distant work. A careful computation which I have made shows that we shall have over 100,000 tons to haul over our road independent of supplies to

contractors to keep our work going next season. This on a single track and with our limited facilities is a tremendous undertaking. . . . I hope you will put a more courageous faith into the work and confide in the future. We will go prudently and safely through. We are gaining ground strongly in public confidence by the very energy and boldness with which we are pushing the work and we can't afford to lose this prestige now.

Mild words, it seemed, would not suffice and to this letter Jay Cooke responded from Gibraltar on October 19th, as follows:

Dear Governor Smith:

Yours of the 16th received. . . . I hope we may succeed abroad, but it will be slow work selling bonds here and is costing the company too much to advertise as strongly as I could wish, and when money is so stringent, people won't buy bonds to any extent. This Chicago panic is a senseless one but nevertheless it hurts badly, and it won't answer to create liabilities before we have the money on hand. You must not do it for I cannot carry with my partners a greater advance than the contract calls for. I have over and over pledged myself to them to advance no more and this amount I fear will be needed to pay interest next January, if we don't sell bonds. There is no need of pushing things until we know how the times will turn. The directors agreed to advance each his one-thirteenth. What did you understand by this and will it be lived up to? I will do all that mortal man, trusting in his God, can do to sell bonds, but it is not wise to launch out into a big contract like this one to [beyond?] Red River when we have so much to finish up of old work, interest to pay, etc. I hope therefore you will cut down the 3,000 to 1,000 tons at once and let the rest be for a while. The Pacific iron can be sent by rail if needed. Better pay $20 per ton extra than run the risk of a protest of your notes.

I am not an alarmist and have more courage than is good for me, but my sober common sense tells me we are to have a bad, *bad* time, tight money and general distrust. It is a time to hold up a little.

I have frankly and honestly advised you as above and if you go ahead without the means provided it will not be my fault if you have trouble. The present aspect of affairs was not anticipated two weeks since, and it is a just thing and was contemplated when the contract was made to hold up on such a condition of the money market as now exists.

What steps are you taking to make a show of business? All the transportation of material, supplies, etc., should be credited to traffic and charged to construction account. This is done on other roads and helps swell the business to respectable figures, and does good, and is right in estimating cost of road. It seems to me an estimate of earnings in this way should be made on the section to Red River also. . . .

Yours truly,

JAY COOKE.

Red River was reached in mid-winter. On November 28, 1871, Assistant Engineer D. C. Linsley wrote that the end of the track was then 238½ miles from Duluth, and the grading was done to the river. The iron could be laid and the road finished in ten days if the weather would permit. At the moment the thermometer at Brainerd registered twenty-six degrees below zero, gales of wind were blowing over the prairies and eight or ten inches of snow covered the ground. The work, however, was completed with the year. On December 31st Linsley telegraphed that at 4:35 P. M. on the preceding day the railhead had reached Moorhead, the name given to the station on the east bank of the Red River in honor of Mr. Cooke's partner. The first section of twenty-five miles on the Pacific coast was also completed before the end of the year and work was proceeding on the next section of forty miles.[1]

Despite this appearance of vigor the charges of cor-

[1] Roberts to J. C., December 3, 1871.

ruption and mismanagement continued. W. D. Washburn wrote from Minneapolis on December 9, 1871: "I will only say that if the Northern Pacific has the vitality and prestige to go along while being constructed under the auspices of a corrupt ring, and under its present management it is strong indeed."

If Smith were almost never in Minnesota, so also was he seldom in New York. He resided in St. Albans, Vt., came on only rarely and then brought to bear upon the affairs of the company neither talent nor virility. As early as in January, 1870, Mr. Cooke in his frank way had advised Smith to "get rid of other cares so as to devote all his time to the great work." [1] In the office in New York there was no one but Wilkeson who was made up chiefly of a hungering want of money and a comical enthusiasm, although he was honest and faithful to whatever cause he espoused; A. H. Barney, the Treasurer of the company who was not a member of the Board and old Mr. Johnson, the engineer. There Wilkeson made the discovery that the Northern Pacific officers might telegraph over the Western Union and the Northwestern lines to the amount of $12,000 a year and the privilege was being exhausted by personal and social despatches. When Mr. Cooke asked for explanations from President Smith he was told in that officer's wonted manner that no passes had been issued, but if there were wrongs in this or any other field they would be corrected at once. A lunch room was maintained at the New York office which was costing the company one dollar a head daily, and many were eat-

[1] J. C. to Smith, January 19, 1870.

ing there who were not in the employ of the railroad.[1] Mr. Moorhead of course shared the general antipathy to Smith and was ready to believe whatever was evil of him as of all the other Vermont men. "I tell you, Jay," he wrote from St. Paul on June 12, 1871, "the Governor is not in our interest. He is selfish, obstinate and the most visionary man I ever knew at the head of an enterprise of the kind. You must join me in a decided stand, or he will ruin us. He is totally unfit for the position he occupies. He can no more build the Northern Pacific road if the means were provided than could Judge Rice."

Thus was Mr. Cooke being strengthened for the task which confronted him, the removal of the President of the company and the elimination of the unhappy influences which radiated from him. On December 23, 1871, the financier wrote to Governor Smith as follows:

> I believe that if you were free from care and other things, and could give on the spot a good deal of your time in pushing the work, or that some one who could represent the board as efficiently as you occupied such a post the road could be built at my figures. Feeling this with all my soul how can I sit by and see our money expended as extravagantly as it is being done? I would much prefer to resign our position as financial agents at once and let some one else take the responsibility of investing the money of widows, orphans, etc. I cannot do it without having confidence in the economical administration of our work.

That any considerable amount of the stock and bondholders' money was misappropriated in the construction of the first sections of the road is not easily demonstrable. There was little opportunity for this. Mr. Cooke and his associates suspected every movement of

[1] Wilkeson to J. C., February 24, 1871.

the Vermonters almost from the first and watched and accused them when the only ground for accusation was the fear, based largely upon local jealousy, that they contemplated some improper action at the next turn. That the Smith party was not competent to manage such an enterprise is very clear. It had no time to devote to the business of the road. It gave offices which should have been filled by men of tried scientific ability to politicians and paper generals. The president and his associates were connected with the enterprise for gain and they had the capacity to ruin it, as they did materially damage its credit, by their intermittent and tactless administration of its affairs.

As we have seen in earlier chapters the Civil War had scarcely closed when Jay Cooke made the first proposals to the Treasury Department to fund the debt of the United States into bonds bearing a lower rate of interest. He had bills in Congress, which Sherman and others defended in debate, to effect the conversion of the six per cents. into fives, but no large or valuable results were gained during McCulloch's administration, barring the necessary exchange of the seven-thirty Treasury notes for six per cent. long bonds. Boutwell, who now came to the office which Grant had had the opportunity to give to Jay Cooke, framed a funding bill that went to Congress in December, 1869, and was passed at the end of the session on July 14, 1870. It provided for the funding of $1,500,000,000 sixes into $200,000,000 fives payable after ten years, $300,000,000 four and one half per cents. to run for fifteen years and $1,000,000,000 four per cent. bonds redeemable in thirty years. By an amendatory act on Janu-

ary 20, 1871, the authority to issue five per cents. was extended to $500,000,000.

Jay Cooke used his powerful influence with Blaine, Garfield, Schenck, Sherman and other Representatives and Senators in behalf of the measure. It was pending at the same time the Northern Pacific bill agitated Congress and the Philadelphia banker had many opportunities to speak in behalf of the policy which he had long recommended. Despite his preoccupation with private business, he was happy at last to see it nearing a realization. The change from sixes to fives could have been as well effected four or five years before. He had had the agencies at hand for the work after closing the seven-thirty loan, but he was not entrusted with it. That the step must be taken sooner or later was inevitable and if this were the appointed time he was ready to do his part cheerfully. The passage of the bill in July was practically simultaneous with the outbreak of the war between France and Prussia and Boutwell told Henry Cooke that nothing was to be done until after the course of affairs in Europe was more clearly defined.

His present idea [Henry Cooke wrote to his brother on July 27, 1870] is to put only $700,000,000 on the market at the commencement, including all his fives and four and halfs as follows:

$200,000,000 5 per cent., ⅛ per cent. commission.
$300,000,000 4½ per cent., 3–16 per cent. commission.
$200,000,000 4 per cent., ¼ per cent. commission.

You will observe that the rate of commission is increased as the rate of interest is decreased. The Secretary thinks this would induce sub-agents and others to work harder to place the bonds bearing the lowest rates of interest, because they are better paid for placing them. He expects to divide this $700,000,000 — one-half in this country and one-half in Europe, that is to say,

$350,000,000 only will he attempt to sell in Europe, although if the market would favor the taking of the 4%s in amounts beyond this he would let them have all they want. Why would it not be a good time for us to make a combination with Rothschilds to take all his fives and fours, paying for them in five-twenties at present rates in Europe? This would yield a handsome profit when the war clouds roll over and prices react.

Various conversations were had with Boutwell by Jay Cooke in person and by his partners, without extracting from him definite promises of any kind. He seemed to think that he had come to the Treasury office with knowledge of a very superior order, and that he had points of value to give to both Chase and McCulloch. The reflections cast upon Secretary McCulloch in Boutwell's "Reminiscences of Sixty Years in Public Life" for his failure to establish a sinking fund and to pay off the public debt are meant doubtless to dispose of all that officer's claims to be regarded as a public financier. The new Secretary's magnitude little impressed Jay Cooke or any of the practical bankers whom the latter gathered about him. "It seems quite useless to try to argue anything into his head," observed Fahnestock in a letter to Jay Cooke on December 13, 1870. "It is a pity that he ever left the tape business which he managed so successfully in his native town." There were rumors of his supersession, and a change would have been welcomed.

On December 15, 1870, the financier wrote to his brother Henry as follows:

I observe the notice that Boutwell is to leave the Treasury. I think that if he does not propose to do any better than he has in the past it will be a grand move for Grant to put some more practical person in his place. A man who has no more breadth of

thought than to do as he has in these currency bonds, and no more spunk than to let the country drift along without even an attempt at funding the debt, and who insists upon keeping up an enormous taxation for the foolish object of paying off rapidly a debt that no one wants paid off, excepting gradually, it will be a great benefit to have replaced by some one who will take an opposite course. . . . John Sherman is the man for this position and ought to have been appointed at the beginning. Some of the papers name Henry Clews as being pressed. This is rather laughable. You must see to it that no such influence gets into the Treasury.

On January 25th, Fahnestock wrote to Mr. Cooke clearly stating some of the difficulties which attended the funding business under Boutwell from the standpoint of Jay Cooke and Company or any other banking firm. He said:

The only difficulty in the way of making a large absolute proposition to the Secretary is in the fact that the commission is absurdly small and even to undertake to place $10,000,000, small as that amount appears in comparison with the whole, involves first the obligation to pay a part in gold for bonds intrinsically little or no better than ten-forties, which are to-day selling at 95½ in gold, or the alternative obligation of paying for them at par in five-twenties which are now selling at 97½ in gold, or two per cent. higher than ten-forties. Now we know that no person can or will do this without absolute control of the new loan which will enable him to manipulate the market for the sale of it and the purchase of the five-twenties, the successful accomplishment of which is dependent upon so many contingencies, commercial and financial, that it may be fairly commenced this season and perhaps successfully managed to a large amount although circumstances may defer it for a long time. There is, as you say, very little difficulty in negotiating a loan of twenty or thirty millions in Europe upon the new bonds, but the great profit in the transaction does not lie simply in effecting such a loan and allowing the Secretary to do all the rest. The profit is in combining the

two operations and, if we are to make a high price for the five per cents., we must be at liberty to buy the sixes as cheap as we can. Of one thing we may be certain, that Boutwell with his close ideas will never leave in our hands a money balance that will be of any use. It will be quite different from five-twenty and seven-thirty days when bonds were sold for the purpose of accumulating money balances to be expended. The law now before us authorizes the sale at par only for the purpose of immediately retiring corresponding amounts of five-twenties, and if the latter are to be brought in by notice stopping their interest they would be fixed absolutely at par in gold and there would be no margin to work upon. All of our transactions with Boutwell have shown conclusively that he will never permit one dollar to be made out of the business of the Treasury, if he can possibly prevent it. With all his friendly feelings I cannot remember a single dollar that we have made directly or indirectly out of his administration of the Treasury, and I do not expect that you will be able to do anything definite in this agency without the intervention of the President which if his friendship is worth anything ought to be secured. . . . All the great European loans pay large commissions, two and a half to five per cent., and when bankers take bonds outright they do it at a low figure; for example they would take a block of these at 95 with the option of the rest at a small advance.

Levi P. Morton and his English partner, Sir John Rose, were both in Washington endeavoring to effect arrangements with the Secretary of the Treasury for the management of the funding business and it was regarded as quite probable that they would succeed. Indeed Morton, Rose and Company were Jay Cooke and Company's only important rival.[1] But Mr. Boutwell

[1] Henry Cooke's appointment to the governorship of the District of Columbia increased his usefulness in Washington to the Cooke banking houses. He was brought closer to Grant, with whom he was in almost daily communication. On March 1, 1871, he wrote to his brother: "I have been perfectly overwhelmed by the enthusiasm and good wishes of

was indisposed to give the agency to one, or indeed any half dozen firms. In February, 1871, he had determined on an issue of $200,000,000 of the new fives. He would "offer his loan to everybody," wrote Fahnestock to Jay Cooke.[1] That the work should proceed in Europe as well as in America seemed to be foreordained, since large amounts of the five-twenties had drifted across the ocean and were in the hands of the people as well as of bankers in all parts of Great Britain and the Continent. It was at first announced that the London associates would be Jay Cooke, McCulloch and Company, Morton, Rose and Company, Barings, Morgans and Rothschilds, but many more were added. The Rothschilds soon withdrew because of the great number of houses which were to be engaged in the operation, as did the Barings also. Sir John Rose was authorized to advertise the loan in Great Britain which the Cookes regarded as a direct affront to them, since Mr. McCulloch under whom many of the bonds now to be redeemed were issued, was their London partner. Instead an Englishman in a rival house was chosen for the work. The outlook was far from promising, Mr. Cooke's English partners reporting that the "discordant elements" in charge of the enterprise could not be harmonized.

the people here, and the earnestness of General Grant and most of his Cabinet in regard to my acceptance of the governorship. The Senate acted promptly in confirming my nomination yesterday and paid me the very high compliment (rarely done except when a member of their own body receives an appointment) of acting upon my nomination without referring it to a committee, and confirming it by a unanimous vote. . . . I can see that my new position has its effect on Boutwell, who has been more confidential than ever before the past day or two. He says we needn't mind what Morton or Belmont may conspire. He will not allow them to get any advantage over us."

[1] February 4, 1871.

In America the list of associates was to include Jay Cooke and Company, Fisk and Hatch, Vermilye and Company, Clark, Dodge and Company, Winslow, Lanier and Company, E. W. Clark and Company, Kidder, Peabody and Company, and a few others, but a great many more were later added, so that the business was entrusted to nearly every house which asked for it, the compensation being fixed at the uniform rate of one-fourth of one per cent. Thus here as in Europe, the operation was marked to fail from the start. "I feel as you do," wrote Fahnestock to Jay Cooke on February 21st, "that the whole business is doomed to be a fizzle unless more intelligence is infused into it. Boutwell is so headstrong and impracticable, that it is almost impossible to move him." In New York Fisk and Hatch, Vermilye and Company and Cooke's other old five-twenty agents were unable to do anything and they frankly said that they could not and would not while they were on the same plane with fifty other houses. Fahnestock wrote to Jay Cooke on March 6, 1871, as follows:

> We all feel that it is quite useless to work for the government without some pay and it evidently will not pay as the matter now stands. With fifty New York houses on the same footing with ourselves it will be nobody's business, and no prominent party is likely to take hold of it until the whole programme is reconstructed. My impression is that it will be best for us to keep still and the Secretary will find presently that only private enterprise can apply the leverage necessary to make any kind of a success of the funding, and it is not impossible that he may have to come down to the one agency plan in order to avoid failure.

Jay Cooke himself never sulked when his advice was not taken and he went forward now as he did during the

war without tears over spillings or spoilings; the disposition to take pleasure in the failure of an undertaking because his recommendations had not been adopted was totally foreign to his nature. Under all the disadvantages which he could not help recognizing he put forth every effort to second the Secretary in the operation. His chosen service consisted in the attempt to persuade the national banks to turn in their six per cents. and take the new fives in exchange for them. His influence with these institutions was still very large. What he had done to organize the system had not been forgotten, and the Secretary soon had the pleasure of welcoming subscriptions from many banks. Indeed so free was the response that Boutwell was encouraged to think that his scheme would yet succeed. Mr. Cooke kept the Secretary informed of the progress of the work and they wrote to each other almost daily. On March 11th Boutwell reported a total subscription of six and one-half millions. "Though not what I desired," he wrote, "I do not regard it as a failure. If all our agents in New York and elsewhere would urge the banks to take hold I believe the next two weeks would show an aggregate of $50,000,000 on this side of the Atlantic." On March 13th the total was seven and a half millions. "These subscriptions have of course all been made in the United States," he observed confidentially, "and among them is that of the Merchants' Bank of Boston, the largest banking association in New England. It may be true, as you suggest, that our agents are too numerous, but after a few weeks' trial I shall drop from the list those who fail in securing reasonable subscriptions."

On March 14th the subscriptions were nine millions and on March 16th the Secretary wrote to Mr. Cooke: "The result of your labors thus far is gratifying. The subscriptions for to-day amount to about $1,100,000 dollars and to date altogether to a little over eleven millions." On March 18th the total had increased to $15,853,500.

As the loan dragged on a scheme for the formation of a party which would take the balance of the $200,000,000 and ensure the success of the operation made its appearance in New York City. It was under the management of Mr. Morton, who hoped to complete it without the assistance of Jay Cooke and Company, but Fahnestock was called in at the last moment and from that point onward Mr. Cooke was advised of the plans and projects of this ambitious coterie, though they were destined to come to no good end. The situation did not favor joint action. The object, of course, from a practical banker's standpoint, was to raise the price of five-twenties to par in gold. When Boutwell began his operations the difference was about one per cent., but as time passed it had increased to nearly or quite two per cent. Since it was made no one's particular business to direct the market, its condition grew more hopeless and only bold individual leadership could be expected to save the day for the Secretary.

Success had become a matter of importance to the Cookes. On March 22, 1871, Mr. Fahnestock wrote: "Beyond the public considerations we have a personal interest in saving the measure from failure because of the large number of banks which, through our agency, have been induced to make the exchanges and which,

if the thing breaks down, will have fives while their neighbors have sixes." [1]

"I have never seen his match for obstinacy and impracticability," said Fahnestock of Boutwell in writing to Jay Cooke on April 20th, when nothing could be got from the Secretary, and it was resolved to stand idly by to see if by natural movements the values of bonds and gold would not approximate.

But dawn seemed near for the firm when on May 9th Henry Cooke wrote:

I have been talking with Mr. Boutwell about the loan and he has submitted to me a proposition substantially as follows: That we take or make up a party to take the balance of the first 200,000,000 of the five per cents., amounting to say 130,000,000 in installments of 10,000,000 per month or more, if we can handle it, thus running through about thirteen months, we having the monopoly of the market for five per cents. in the meanwhile. He will give us all the one-half per cent. allowed him by law except the cost of preparing the bonds, which he thinks would leave us about three-eighths of one per cent., we doing our own advertising both at home and abroad, and he delivering the bonds to us at London, Frankfort and Paris at his own cost and risk. It strikes me that if we can swing this affair it affords us the opportunity to control the whole loan. If the proposition in this precise shape should not suit you I have little doubt that it could be so modified as to meet your views entirely.

These plans miscarried, for on May 29th Henry Cooke wrote that the Secretary had declined the proposition "not because he didn't think it an advantageous offer, but because the feature of leaving the money on deposit for ninety days was open to criticism."

Boutwell had been "hobnobbing" with the Childs and Drexel interests and it was believed that he had weak-

[1] To J. C.

ened under this influence. He seemed to be filled with a fresh resolve to complete the operation without Mr. Cooke's aid, and he was about to send abroad Judge William A. Richardson, an Assistant Secretary of the Treasury, with a view to new attempts in London, though that delegate departed in a not very hopeful state of mind.[1] His going proved to be timed happily for he had scarcely reached the other side when a contract was signed with the great Philadelphia banking house.

Throughout the European negotiations in reference to the Northern Pacific Railroad an interesting French word recurred again and again. It seemed to fill a need in this emergency. If Jay Cooke could not be trusted to manage this affair alone he must form and direct a group of bankers, a *syndicat,* which he quickly made into an English word, syndicate, and the welkin rang with it as soon as he completed his arrangements for the great operation. It was used throughout the contract which he signed with Boutwell. The newspaper reporters rolled it under their tongues. It was the subject of bad puns and newspaper doggerel. The following came to the New York *Tribune* and Whitelaw Reid sent it to Fahnestock by whom it was transmitted to Jay Cooke:

"Pray, what is a syndicate
Intended to indicate?
Is queried abroad and at home.
Say, is it a corner,
Where Jay Cook-e Horner,
Can pull out a very big plum?"

[1] "He is a good deal demoralized," observed Henry Cooke, "and fears he can do nothing but make a failure. I encouraged him in the idea and told him the only hope of success was in the acceptance of our proposition. He asked if I could not go over with him."

Whatever the word meant it was agreed by Jay Cooke's foes that it was equal to a "ring" for getting rich out of the government. Samuel S. ("Sunset") Cox, a Representative from New York, made it the subject of a humorous speech in Congress and the derivation of the word was traced by several wise philologists at Washington. Some of Cox's constituents had written to him, he said amid laughter, to know if it were related to the Ku Klux. Others supposed, this wag continued, that "it was a great land animal of the prehistoric time when our planet was filled with monsters. A scholar learned in philology says it comes from the original Chinese and is pronounced 'Ah Sinde-cat' from a well-known player of cards called the 'heathen Chinee.' While on the island of Corsica I saw the devil fish of Victor Hugo—a horrible marine monster with most remarkable tentacula which clasp the human form in their slimy claws. It has depopulated whole villages by the sea. It is called by the natives in their mixed language 'sundy cato.' A revenue reformer writes me that it is an animal peculiar to Pennsylvania with a head of iron, eyes of nickel, legs of copper and heart of stone. It consumes every green thing outside of its own state."

Cox went to Sir John Maundeville's "Travels in Far Cathay" and found the following remarkable passages:

"While passing many contrees both by land and sea I cherched on the Chinese wall a strange animal of the lizzard kind. He was known in anciente books as a chameleon. When the sun did shine he took various colors; sometimes it wore a golden hue and sometimes had a green back. I caught him by means of a steele mirror which so bedazzled his eyne that he was easily caught.

I bring him home as a strange beaste. It is called by the natives a scindicat."

Cox had asked Mr. Boutwell what he meant by the syndicate and the Secretary replied that it was Jay Cooke and Company, so the humorous Congressman concluded after all his investigations that this was the true definition of the word.[1]

On August 11th Mr. Cooke's firm was ready to issue a circular to the public. That, sent out by the New York house, read as follows:

BANKING HOUSE OF JAY COOKE AND CO.

Corner Wall and Nassau Streets.

NEW YORK, August 11, 1871.

Dear Sirs:— Referring to the circular of the Secretary of the Treasury of this date which will inform you that the remainder of the $200,000,000 of the new United States five per cent. loan is placed in our hands for negotiation we desire to state that in a day or two our plans will be fully matured and made known to you by circular.

We reserve $50,000,000 of the bonds for a brief period for the national banks and we beg to offer them the first opportunity to make exchanges of their old five-twenties as well as others of their bonds for the new loan.

Inviting your correspondence at an early day upon this whole subject,

We remain respectfully,

JAY COOKE AND CO.

There was amazement when Mr. Cooke published the names of the houses which he had brought into his group. He had organized, indeed, two separate syndicates, and they made themselves responsible for $25,000,000 in gold, the European for $15,000,000 and the

[1] *Congressional Globe*, 1871–72, p. 750.

American syndicate for $10,000,000. The European list with a few minor omissions was as follows:[1]

R. Raphael and Company (including $1,000,000 joint account with von Hoffman and jobbers and $375,000 for Erlanger)	$ 3,500,000
L. Cohen	2,000,000
Seligman, London and Frankfort	500,000
Bischoffsheim and Goldschmidt, London	400,000
Clews, Habicht and Co., London	200,000
Behrens, Hamburg	250,000
Bleichroeder, Berlin	250,000
Lippman, Amsterdam	250,000
Wertheim, Amsterdam	250,000
Erlanger, Frankfort	250,000
Anglo-Hungarian Bank, London	250,000
Speyer, London and Frankfort	300,000
Cazenove, London and Frankfort	300,000
Gerstenberg and friends, London	500,000
Montagu, London	375,000
Oppenheim (Brussels) and others	250,000
Reserved for Paris	500,000
Morises, Liverpool; Foster and Braithwaite, London; Satterthwaite, London; Monroe, Andrews and others	675,000
Miscellaneous	1,000,000
Jay Cooke, McCulloch and Co.	3,000,000
	$15,000,000

The American syndicate was composed as follows:

Jay Cooke and Co., New York, Philadelphia and Washington	2,000,000
Fisk and Hatch (including Speyer and Von Hoffman privately)	1,500,000
Vermilye and Co.	1,000,000
Henry Clews and Co.	1,000,000

[1] For these names see N. Y. *Times* of August 15th,

NEWPORT

Clark, Dodge and Co.	500,000
First National Bank, New York	1,000,000
Fourth National Bank, New York	1,000,000
First National Bank, Philadelphia	500,000
First National Bank, Washington	500,000
Leonard, Sheldon and Foster, New York	250,000
To be distributed	750,000
	$10,000,000

Boutwell was as much gratified as he was surprised at the turn things had taken as soon as he had transferred the loan to Jay Cooke's hands. He was "delighted and that don't half express it," wrote Henry Cooke to his brother.[1] "He said if anything could be a guarantee of success it was just such a combination as we had formed."

The work in hand now was to manipulate the prices of gold and bonds so that the operation would be facilitated; to secure coin subscriptions for the new fives at least sufficient to relieve the members of the syndicates from their obligations to the government, and when gold was not to be had to persuade the holders of the sixes to exchange them for fives, on the face of it a not very favorable bargain for the bondholders. The operation was completed at a lively rate, indeed almost instantly. The London house of Jay Cooke, if it never did anything else, and this was practically all it accomplished in the course of its unfortunately brief career, is entitled to much credit for its management of this funding business. Eighty million dollars had been assigned to the European syndicate. The books for subscriptions were opened on August 22d and at the end of the first

[1] August 14th.

day it was given out that the loan had been oversubscribed. At home Jay Cooke had for his American syndicate $50,000,000, which must first be offered to the national banks, and an odd balance of $2,000,000 or $3,000,000. He had already brought in for Boutwell more than $50,000,000 of their bonds for exchange, and it was but a continuation of that operation at an accelerated speed. In a few days the American syndicate closed its books and the Secretary, in accordance with his promises, "called" the bonds. It was at first supposed that the numbers would be placed in a wheel and that they would be selected by lot, but there proved to be some legal impediment to the adoption of this course, and it was decided that the oldest must come in first. The Cookes disliked this suggestion as the element of uncertainty in the operation would have facilitated it. On September 1st the Secretary designated and called $100,000,000 of the five-twenties of 1862 and gave notice in Europe and America that the interest upon these bonds would cease in ninety days, or upon December 1st.[1]

The holders demanding it would of course receive gold according to the terms upon which the debt had been contracted, and it was to assure the success of the operation in this particular that the European bankers guaranteed to provide the Secretary $15,000,000 and the

[1] The notice for redemption was given as follows:

Treasury Department,
September 1, 1871.

By virtue of the authority given by an Act of Congress, approved July 14th, 1871, entitled "An Act to authorize the refunding of the national debt," I hereby give notice that the principal and accrued interest of the bonds herein below designated known as Five-twenty bonds, will be paid at the Treasury of the United States in the city of Washington on or after the first day of December next, and that the interest on said bonds

American bankers $10,000,000 in coin. He himself had promised to take $20,000,000 from his coin surplus, thus making available for the actual cash redemption of the bonds, $45,000,000 in all. Moreover, it could not be certainly told until after December 1st, if then, how large a sum would be required for this purpose and in Europe, it was said, many of the bonds were held by the peasantry who did not read the newspapers, and would not know that the interest had ceased until they had presented their coupons for payment at the end of the next interest period. Their action was certain to be slow.

On December 7th Boutwell called $20,000,000 more, and again on December 20th $20,000,000, all from the Second Series, designating them by numbers as before, a movement calculated to expedite the operation by convincing the holders of the First Series that he was in

will cease on that day. That is to say coupon bonds known as the First Series, Act of February 25, 1862, dated May 1, 1862, numbered as follows:

1 to 30699 inclusive of $50 each
1 to 43572 inclusive of $100 each
1 to 40011 inclusive of $50 each
1 to 74104 inclusive of $1000 each
And registered bonds of the same act
1 to 595 inclusive of $50 each
1 to 4103 inclusive of $100 each
1 to 1899 inclusive of $500 each
1 to 8906 inclusive of $1000 each
1 to 2665 inclusive of $5000 each
1 to 2906 inclusive of $10000 each

The amount outstanding (embraced in the numbers as above) is $100,000,000. Coupon bonds of the Act of February 25, 1862, were issued in four distinct series. Bonds of the First Series (embracing those described above) do not bear the series designation upon them, while those of the Second, Third and Fourth Series are distinctly marked on the face of the bonds.

J. F. Hartley,
Assistant Secretary.

earnest and was going forward with his policy of redemption and exchange.

This was the general scheme and it can be imagined how many difficult details were to be arranged by Jay Cooke through his London and New York houses. His relations to the members of the syndicates, to the public at large, including the national banks, and to the Secretary of the Treasury, called for the most careful attention. The aspects of the operation were manifold, the chances of success all dependent upon the skill and the rapidity of movement which had distinguished him during the war. The opportunity for profit had been reduced to a minimum by the Department, and he was given in gross only what remained of one-half per cent. after the necessary expenses in connection with the loan were deducted by the government. The direct gain therefore was not out of proportion to the labor involved, as many seemed to think when Cooke and his syndicates were as a matter of course hauled into Congress for one of those investigations to which he had become so well accustomed. Nothing that he ever did for the government escaped a thorough raking over the coals by the opposition politicians and journalists, stimulated by his envious fellow bankers who could not find enjoyment in his success, and this transaction proved to be a particularly fruitful field for criticism.

The bonds negotiated through Jay Cooke, McCulloch and Company were sent abroad in lots of $5,000,000 and $10,000,000 by various steamers. They were placed in safes which were securely locked. The keys were distributed so that the clerk who accompanied each safe did not have the means to unlock that one under

his immediate charge, but some other on a different vessel.[1]

Judge Richardson was assisted in Europe by J. P. Bigelow, another officer of the Treasury Department, and the redemptions and exchanges occupied the corps for several months at Jay Cooke's London bank.

The instantaneous success of the operations called forth the congratulations of President Grant. On September 1st Henry Cooke wrote his brother as follows:

I had a long interview with the President yesterday and did not have time to write you about it. I waited for him to introduce the subject of the late loan which he did very promptly after shaking hands. He said the loan was a great and gratifying success, and the promptness with which it was effected was a surprise to him. He was delighted and more particularly for two reasons: First — It vindicated and established American credit abroad. Secondly — It was established without the aid or co-operation of certain firms who have heretofore assumed that nothing could be done without them. He was glad that this was so and that the prestige of success attached to American agents rather than to the Barings and Rothschilds, and others of that class. He said that Morton had expressed to him very great regret that he had not participated. Morton told him that we had offered him participation in the syndicate but, not dreaming of its success, he had declined, which he regretted. I told the President that we had offered participation to Drexel, Morgan, Morton-Rose, the Barings, Clews and Seligman on equal terms of sharing profits with ourselves, reserving only the right to shape the policy of the syndicate and to manage it in our

[1] This fact is made public by Mr. Boutwell in his *Reminiscences* and is almost the only statement of his record which is comprehensible to a student of Jay Cooke's papers. Mr. Boutwell's book is either an evidence of the treachery of human memory or what is more likely a proof of how little may be known by the chief of a government department of all that is going on around him. There is a different account in Hackett's *Life* of Wm. A. Richardson.

name. He said that was eminently proper and necessary to success. There must be one head to a large transaction of that kind. I told him that only Clews and Seligman of all the parties named came in, Seligman for a comparatively Franklin amount, Clews for a million. I congratulated him on this rounding out of his financial policy, the placing of the loan being the only missing link in the chain of its success. In short we had a good time of mutual congratulation and the President was very decidedly gratified and pleased. Porter tells me that Morton was at first incredulous as to the success of the loan, but that when assured that it was a success he owned up like a man and said to him (P.), "there is no wiping out the great fact: it is a wonderful negotiation and will put Jay Cooke and Company head and shoulders above any American house in Europe, and make them the peers of the proudest of the European houses."

Mr. Cooke's warm friend, Senator Cattell of New Jersey, wrote on September 5, 1871:

I congratulate you most sincerely on your magnificent management of the new loan. I knew you would carry it through all right, and have said more than once to the President and Boutwell that you were the only man in my opinion that could pull them through. I am so glad that after trying all round the world they found success when they placed themselves in the hands of the man that carried us through, financially, the dark days of the war. But I was not prepared for the extraordinary success you achieved in virtually placing the whole 130 millions in a single day.

"I congratulate you on your great success in disposing of the government bonds," wrote William Windom on September 4th. "It is another very large-sized feather in your financial cap."

The negotiation was in truth the best of all advertisements for Cooke's newly established London house. Colonel John H. Puleston wrote to the financier on September 7, 1871:

It is needless to say that we were intensely gratified to have the loan and still more pleased that our first effort in this direction should prove a signal success. The result in dollars and cents to us will be very handsome, but we can make much more if, as I hope, we are permitted to repeat the operation. We shall not again be called upon to deal so liberally with outside parties. I now feel sure that if we had not brought it out upon the Continent our success would have been far greater, for we could have kept the premium up here and have got rid of the whole lot without difficulty, whereas some of the Continental fellows, the Amsterdam people particularly, simply subscribed to avail themselves of the temporary premium in this market, and so left the market full of a lot of floating stock which requires a little time to become absorbed by *bona fide* buyers. . . . The effect of this success upon our general business will be unmistakable and we are strengthened very much for Northern Pacific, which I hope we shall be able to move on the return of the Commissioners.

Barings and Rothschilds predicted that after the first furore the bonds would be sold at a discount, but this result was avoided, and in December the business of the European syndicate was successfully concluded. Puleston wrote to Jay Cooke on December 2, 1871:

Naturally we are all happy over the practical ending of our first loan, and particularly because of the large measure of success which has attended our efforts. The newspapers to-day are quite complimentary. . . . It is not necessary to tell you that the operation of this loan has given us very great prominence and has very largely advanced our general business, particularly in American things. It was not at all pleasant to pay out some of the many large cheques to members of the syndicate who have not been conspicuous for any help given us, but when I made the distribution in August it was then necessary to interest all the prominent houses as far as possible, and avoid all contingency of a failure. I am in great hopes, too, that the successful termination of this operation will enable us to haul

the same parties into the Northern Pacific syndicate next week.

In acknowledgment of the cheques many letters were received of which the following is typical:

LONDON, December 4, 1871.

Messrs. Jay Cooke, McCulloch and Co., London:

Dear Sirs: — We have much pleasure in acknowledging the receipt of your favor of December 1st, enclosing a cheque for £17,000, on account of profits on our participation in the syndicate of the United States funded loan. We must congratulate you on the brilliant success of the operation, a success due, we feel sure, almost entirely to the conspicuous ability with which you have conducted the affair. We trust that the relations between you and ourselves, which have so auspiciously begun may long continue to the mutual profit of both our firms, and lead to many others, all as agreeable both in a pecuniary and in a personal view as this one has been.

We remain, dear sirs,

Yours truly,

LEWIS COHEN AND SONS.

Later in December the London partners expressed some anxiety lest the Rothschilds, Barings and Rose should form a syndicate of their own, which Boutwell would entrust with further funding operations. Puleston wrote on December 15th:

The jealousy towards our house, now that we have been so successful, and the fact that the American market is tremendously good, make such a combination remarkably easy. The government of the United States would hardly permit so great an injustice to us as to listen to any proposition which did not come through us, in view of our taking the business when everything was gloomy and even six per cents. at a considerable discount. Mr. Boutwell well knows that we have had here everything to contend against. The houses who will enter the new combination, if one is formed, not only failed to sell any government

bonds when they had the opportunity, and declined abruptly to make any proposition to Judge Richardson, but after we took it up, put every obstacle in our way, in effect depreciating thereby as far as they were able, the credit of the government, and doing generally all possible to throw cold water upon our efforts which they predicted could not succeed. Against all these serious disadvantages, however, we did succeed, and managed to bring up the credit of the government to a higher point than it ever reached, the six per cent. bonds on the day of our settlement touching the highest price in their history, and advancing since to their unprecedentedly high point. To accomplish all this great result we had, as you well know, to yield the bulk of profit in the operation to others in order to secure in other quarters the co-operation denied the government and ourselves by those who had been trusted with the confidence of the Secretary. . . . If we offered $100,000,000 five per cents. now with an authoritative statement that no more fives would ever be offered, we believe success would be certain.

The London house urged Jay Cooke to see Boutwell at once. Mr. McCulloch wrote:

Judge Richardson has a high opinion of you, and of your judgment in financial matters, and his opinion, I am quite sure, is that of his chief. . . . I am quite clear that you have more influence with the Secretary than any other man.[1]

Mr. Cooke thought that his power was much overrated. "When will he learn wisdom?" he asked in a letter to his brother Henry in December, 1871. "Not until he is reconstructed," Henry Cooke replied, and their view of the Secretary of the Treasury did not become more favorable as the months passed, and he refused to follow up the advantages which the government had gained by this brilliant operation.

He had the most favorable opportunities to do so.

[1] McCulloch to J. C., September 9, 1871.

On December 22d Judge Richardson cabled to Secretary Boutwell from London as follows:

> Joint proposal, Rothschilds and Cooke, to take fifty millions, payable May 1st, with option of fifty millions more. Year after further offers, $200,000,000 fives, $300,000,000 four and a halfs in proportion. Period will be determined. Terms former contract. Interest paid London.

Although the Rothschilds had never but once before linked their names with any other house, they were now ready to join Jay Cooke and Company in the transaction of government business in Europe. The great American fortunes of this time had not been accumulated, and the wealth of this European banking house made an impression upon the minds of the people of which to-day we can scarcely conceive. Puleston and Fahnestock made the arrangement in London with the old Baron, who was disposed to be "unusually complimentary." This news was not concealed when it reached America, as may be guessed, although it was without effect upon the immovable Secretary, who was now timid, as well as obstinate, because of the attacks upon his policies. If the arrangement had been effected at this time it might have saved the Northern Pacific Railroad, by providing greater means to Jay Cooke's houses through the profits upon the government negotiations as well as by strengthening his credit abroad and at home. Throughout the syndicate operation he and his partners were constantly considering its probable effect upon the railway enterprise to which they were so closely committed. They had not been slow to observe that such alacrity to secure a five per cent. government loan presaged further conversions and a permanently lower rate of interest on

United States bonds, and they caused the following statement to be added to their advertisements:

> The complete success of the new United States five per cent. loan and the probability of the early funding of the entire public debt at five per cent, or less, will continue to induce holders of 5–20s to convert them into such first mortgage railroad bonds or other securities as embrace the two-fold element of profit and undoubted safety. Jay Cooke and Company recommend to capitalists, and to all who are seeking safe investments, the first mortgage seven-thirty gold bonds of the Northern Pacific Railroad Company.

The railroad was at all times first in Mr. Cooke's mind. Whatever else intervened, it was not forgotten, and such zeal and devotion deserved rewards that he was not destined to enjoy.

There were many temptations to turn aside from the path of duty to this chosen enterprise. There came his way in this period a number of outside proposals of a magnitude to accord with his stature as a financier and public man, as for instance a contract to supply ordnance to the new French government. It had sent commissioners to the United States to arrange for the purchase and shipment of arms, said to aggregate a money value of about $7,000,000, payment to be made through the Bank of France. But it was objected that it was a business not entirely germane to a banking firm and that such a connection, if it became known, might damage the success of the Northern Pacific loan in Germany, so it was not undertaken.[1]

Mr. Cooke naturally found the London house and his responsibility for the acts of several new partners in England a cause of increased care and anxiety. Colonel

[1] Fahn. to J. C., December 20, 1870.

Puleston early proposed to contest a seat in Parliament in the Conservative interest. The financier discouraged such an ambition, saying that the firm was entitled to the undivided time of its partners. Furthermore, the office would be a source of considerable expense. General Schenck, the new Minister to Great Britain, whose good will, it was believed, would be a benefit, was an indiscreet friend. Puleston, acting upon Mr. Cooke's instructions, had met the General upon his arrival at the docks and warmly welcomed him to England. Intimate social relations were at once established between the London house and the American Legation, but Schenck promptly involved Jay Cooke, McCulloch and Company in the affairs of a Nevada silver mine which was the cause of his undoing as a diplomat. On November 23, 1871, Mr. Cooke wrote to Hugh McCulloch as follows:

I have had shown me within a day or two, copy of a prospectus of a western mining association [the Emma Mining Co.]. Mr. Fahnestock informs me that you have received a large commission for lending your names to the project. I regret exceedingly that this has been done and cannot but believe it is a misjudged step. I have always refused to identify our name with any mining companies. I doubt not that this concern may be a valuable property, but the whole history of mining is so full of fraud, deceit and mismanagement, even with the fairest prospects at first, that we cannot afford to identify ourselves with these enterprises. Had I been consulted, I should have preferred paying $75,000 out of pocket, rather than to have linked our name with it. . . . As a general thing I do not expect to criticize the business of the London office, but my whole soul abhors the linking of our name with such an enterprise as this. I have never permitted it. The only case of the kind was with the Preston Coal Co., the books of which were opened at our office against my protest, and in my absence under Mr. Moorhead's

directions. The thing was mismanaged as this will no doubt be, and brought the only discredit upon our firm that it has suffered since our origin.

Writing to Puleston Mr. Cooke continued his observations on this subject:

Mining is not a proper subject for public speculation, and if this should be a good one, it will only be the forerunner of others that will bring in innocent victims. My opinion is that mining should only be conducted on absolute capital, without being placed upon the markets for innocent people to venture therein. Mines and mining companies are entirely different from any other species of ordinary investments. There is an element of risk about them, and many contingencies which the ignorant and poor, and the public at large should not be invited to participate in.

Simon Stevens had gone to London fully empowered to negotiate a loan for the Mexican government. General Schenck expressed his favor for the scheme, confidentially telling Puleston that commercial and diplomatic relations between Mexico and France and England were to be re-established, the United States being asked to act as a mediator. The plan was to consolidate the Mexican debt and fund it in new thirty-year bonds. "The Mexican bonds are now selling at from 14 to 15," wrote Puleston to Jay Cooke on December 2, 1871, "and if it were known that we were even likely to become the agents of the Mexican government and of the bondholders here, the price would go up rapidly. Several large houses here, including Barings, would, I have reason to believe, gladly take the business in hand, but if you think it tangible we want to control it."

The Mexican agent visited Mr. Cooke in Philadelphia, but this negotiation was also not favored and the financier soundly reprimanded McCulloch and his asso-

ciates in London for advancing a small sum of money to Stevens on the chance of their later undertaking it.[1]

To Puleston Mr. Cooke wrote on December 15, 1871:

In the first place, Simon Stevens is not a man that we would have anything to do with under any possible circumstances. It would injure our credit vastly to be connected with him in any way. Secondly, an advance to that party without security, is to my mind, securing a total loss of the amount you have advanced, and I trust that this experience will lead you to refuse such advances hereafter. I have long studied this Mexican question, but the whole difficulty lies in the character of the people of Mexico, and of its rulers. They are more unstable and unreliable than the Apache or Crow Indians. In fact they have left no commercial or financial character whatever, and as long as we can get plenty of business with our own government and responsible railroad companies, I would keep out of everything south of Mason and Dixon's line, even down to the South Pole. General Schenck, of course, does not know anything about finances, and is therefore excusable for supposing there was something in this matter, but he ought to know enough of Stevens to see that he was not a party we could negotiate with.

Late in 1871 Mr. Cooke actively interested himself in Cyrus W. Field's plan for a Pacific cable which was to be "landed at a point near the terminus of the Northern Pacific Railroad," and wrote to Grant on the subject, aiming to induce the President to advocate the enterprise in his forthcoming message to Congress. Henry Cooke, who was his brother's intermediary, said in a letter dated November 18, 1871:

The President expressed lively interest in the success of Mr. Field's telegraphic project. He said it would be an aid to this country in securing the trade of Japan and of the East, and that the project was worthy of encouragement. He said the East

[1] McCulloch to J. C., January 16, 1872.

MRS. JAY COOKE, 1869

India trade (including Japan, etc.), was pretty much all that was left to our commercial marine, as our ships were virtually excluded from the Atlantic trade, and that of all portions of the world; that if properly managed we could secure and hold the Japanese and China trade largely. I infer from this that he received your suggestion to mention the matter in his message favorably. He read your letter with great attention, and after reading it spoke very warmly to the above effect.

Enough has been said to indicate that Jay Cooke in all his remarkably active life had never experienced a busier or more anxious year than 1871. To give us a complete picture of what these months held for him, just one trial more must be added to the impending catastrophe in relation to the railroad, the signs of which already appeared in vague outlines upon the wall; the visit of the European commissioners, in whom too much faith was expressed as the falling will grasp at any succor; the complicated business of the European and American syndicates in funding more than $130,000,000 of government bonds,—and that was the death of Mrs. Cooke. They had gone to Gibraltar in June in the hope that she would derive some benefit from a visit to the beloved home, encircled by the waters of Lake Erie, but the expected improvement did not come. She was able to sit up for but a few minutes at a time on the porch or in the hall, and a return to Philadelphia was resolved upon. She was taken in a revenue steamer directly to Erie, the captain giving up his cabin to her, and then in a private car amid all the comforts that travellers at that day could enjoy. It was a heart affection and the end was reached on Saturday, July 22d, at "Ogontz" amid grief that Mr. Cooke's unusual Christian fortitude was happily in some

measure able to assuage.[1] Yet such a loss is almost as grievous to the trusting as to other men and the bereavement weighed heavily upon him, even amid the solace of business engagements, the most exacting and multifarious, by which his mind was raised above his own ails and sorrows. They were husband and wife; they were also lovers from first to last. When his day was done in Third Street he stole home for a drive with Mrs. Cooke down some shady lane, usually in a "buggy" without a man to attend. Upon his frequent trips to Washington, New York, or any whither, his wife was wont to accompany him and to say that such relations can be suddenly broken off without unspeakable pangs, no matter what the trust, is to hold ourselves more than human. The sympathy of his friends who were now legion, in all the public and private walks of life was freely and tenderly expressed. On July 24th the Philadelphia *Inquirer,* in an article upon Mrs. Cooke, said:

Her faith in, and love for the teachings of Christianity, were evidenced by her thoughtful care for all those who needed a word or dole from the fullness of her magnificent bounty. Guest or beggar was made richer by the gentle courtesy with which she discharged her pleasure of hospitality or duty of relieving want. Grand and wide as were the rooms of her husband's mansion, they were still simpler and narrower than the spirit of charity and welcome with which her generous nature filled them. Her eyes were as shut as those of Justice when Misery or Distress knocked at the door; but, like Justice, she heard and helped all who besought her. It is the knowledge of this that will fill the hearts of many with mourning when the sad tidings reach them that she has gone on before where Charity is infinite and Love is untold.

[1] "It is a sad blow to Jay and would be a crushing one but for his Christian faith and resignation. Trust in God was never more beautifully illustrated than in this case. Jay bears his loss with the calm fortitude of a Christian hero."— Henry Cooke to Chase, July 29, 1871.

CHAPTER XVII

THE "BANANA BELT"

The rather derisive allusion to the line of the Northern Pacific Railroad as "Jay Cooke's Banana Belt," made with zest by the newspapers, was apt, it was thought, on two accounts: First, because of the tendency to hyperbole exhibited by his various writers in their earlier descriptions of the region, attributing to it a voluptuous climate and a vegetation almost tropical in its luxuriance; and second because upon the maps which he issued the strip of land appertaining to the railroad was swept over the mountains to the coast in the shape of a long fantastic banana. Sam Wilkeson began the exaggerations while in the Puget Sound country in the summer of 1869. His "Notes on Puget Sound" were published and widely distributed, being made into one of the company's principal documents in the campaign to sell bonds and secure colonists to settle upon the line of the road. Within firm circles to "Wilkesonize" became a phrase expressive of a tendency to color a thing too highly. This indomitable writer was ably seconded by C. C. Coffin, who had been with the Smith-Marshall party in Minnesota in 1869 and whose letters to newspapers, magazine articles and lectures uprooted many young New Englanders and induced them to re-establish themselves in numbers on the vaunted farms of northwestern Minnesota.

Mr. Cooke early formulated extensive schemes for colonizing the railroad lands and it was the settlement and civilization of the country more than anything else in the Northern Pacific programme which aroused his interest and stirred his imagination.

On April 8, 1870, he wrote to C. C. Coffin as follows:

We propose to have the best and most responsible agents, with head centres in all the Northern states, their operations ramifying into each county and village. We will seek to gather together into localities such as Westfield, Northampton, Lowell, etc., communities of emigrants, taking some from every class of the community and sending them out in a body to establish a town or village of their own, transferring the name of their former residence to the new locality,— something like the settlement of the Western Reserve in northern Ohio, only to a much larger extent, and with more vigor and system. The same idea of transferring communities will be extended to Great Britain and all parts of Europe. Our idea is to carry the lands to the very firesides of the people throughout all our Northern states and give them the choice of a change of residence.

How far his dreams of empire carried him is shown in the following letter to General Sargent on February 25, 1870:

Referring to my conversation with him [George Sheppard] the other night, about the Winnipeg business, I should like to be one of a number to employ his services wholly in manipulating the annexation of British North America northwest of Duluth to our country. This could be done without any violation of treaties and brought about as the result of quiet emigration over the border of trustworthy men with families, and with a tacit (not legal) understanding with Riley and others there. The country belongs to us naturally and should be brought over without violence or bloodshed.

Before the Northern Pacific organized its own emigration agencies in Europe and set in motion the ma-

chinery for populating the Northwest the land grant railroads seem to have relied for the most part upon general agencies, the chief of which was the National Land Company. It served several railways and a rival organization was attempted in London with Gilead A. Smith at its head. He had been shown some encouragement by J. Edgar Thomson and the officers of the Pennsylvania Railroad and offered lands in Minnesota, Colorado, Kansas, Nevada and New Mexico at five to ten shillings per acre, payable in easy installments. He sent his circulars into the American legations and consular offices in Europe, but his methods seem not to have been admired by our Minister to England, John Lothrop Motley. Like Sargent, Smith found the American Minister "snobbish," since that officer had told Benjamin Moran, his Secretary of Legation, and Mr. Dudley, the United States Consul at Liverpool, that "Smith had no business to lug in the legation in endorsing the private land speculations of Jay Cooke and Thomson, and for his part he should not reply to any questions asked him about it." In the view of Mr. Motley a United States minister could as well puff sewing machines as land projects.[1] He was the more criticized for his attitude because President Grant had directed the legations to do their part to encourage emigration to the United States by furnishing information and by looking to the comfort of intending colonists. Gilead Smith sent to the United States an agent named Smedley, who was to establish American connections, but the National Land Company left him no opening, and the movement ended quite ingloriously, especially when Mr.

[1] Gilead Smith to J. C., March 26, 1870.

Cooke's favor, upon the advice of some of his lieutenants, was withdrawn from it.

The American theory that Europe was a ship filled over-full with starving people, and that there were millions to be thrown overboard to find their way to happier lands was never very popular abroad, and is usually smiled at to this day whenever it is advanced. It is one of those Jingo notions which go to make up Europe's composite picture of the "Yankee." The German bankers wrote to Mr. Cooke to tell him that they were not anxious to despatch their people to other shores and, as the war with France came on to call for a filling of the ranks in the army, and after the sanguinary battles to create a need for men in the trades to take the places of the slain, it was the harder to make head in Germany with the idea that it would be a national benefit to send colonists to the United States. Indeed, in many, if not in all German states, it was found that there were laws rendering emigration difficult. So many swindling representations were made to lure the people from their homes that they were warned against agents of all kinds, and severe penalties were attached to the business of gathering up Germans for export to other countries, except when it was managed in a very discreet manner.

In this sense Robert Thode and Company wrote to Jay Cooke from Berlin on September 10, 1870. They said:

"We cannot refrain remarking that our business men and statesmen are not exactly seeking for a home thousands of miles away for our best laborers and citizens, especially after a war which has cost so many lives and which has given us a united Germany, probably with en-

larged territory. Your letter appears to believe the German nation most anxious to find a home for their citizens abroad."

However, this firm was interested in a projected line of steamers from the Baltic, for which they asked Mr. Cooke's financial support, stating that the boats would call in Denmark and Sweden. The connection they believed would enable him to control the American emigration from all the Baltic countries of a class of people calculated to be the most useful in populating Minnesota and the lands traversed by the Northern Pacific Railroad.

After the Gilead Smith fiasco Mr. Cooke gave Pliny E. Chase of Haverford College and Henry Villard, then in Boston, where he was the secretary of the American Social Science Association, certain commissions in connection with the work of leading a movement from Europe to the Northern Pacific lands. Chase wrote to the financier from Geneva, Switzerland, on July 25, 1870, as follows:

The present agitation on account of the war renders the European governments more strongly opposed than ever to the emigration of their able-bodied subjects. It is therefore a very unfavorable time to take steps towards securing an immediate settlement of any new territory, but as soon as the war is over there will probably be an immediate and great increase of emigration for which it is desirable to prepare as speedily as possible. . . . All the emigrant associations of Europe are so purely selfish that I can see very little probability of using them to any advantage. But through the acquaintances that I have formed, I think I may be able to distribute documents and information in such a way as to reach the most industrious and prudent citizens of Denmark, Germany and Switzerland, who are looking for new homes in the New World.

Mr. Cooke had asked Professor Chase to put himself into communication with Ole Bull, the Norwegian violinist, who had several times toured the United States, in the hope that he would appeal to his fellow Scandinavians to settle oversea, but there were difficulties in the way and this scheme, after some discussion, came to naught.

Henry Villard's first service to the railroad was in forwarding its emigration plans. He recommended Mr. Cooke to employ Friedrich Kapp, of whom we have already heard in connection with the loan negotiations in Europe. Of him much was expected because of his experience in emigration matters. He had been a commissioner of immigration for New York State and wrote competently on the subject. His appointment was favored, too, because of his wide acquaintance with the German people and the esteem in which he was held by them. Recently returned to his native country he received "public ovations" at Bremen and in several other cities. He was shown "marked attention" by Bismarck and was put in charge of the company's interests in Germany.[1] His task was to intercede with German editors and bankers and by bringing influence to bear upon the various German state governments smooth the way for a free movement of such of their citizens as might wish to select homes in the American Northwest. He was in the pay of the company for two or three years, although Mr. Cooke never valued his services very highly.[2]

The financier was favored with some advice upon the subject of immigration by the redoubtable Ignatius Don-

[1] Villard to J. C., July 10, 1870.

nelly, who had very carefully devised plans and wrote:

If a large scheme of immigration could be started at once in connection with the Northern Pacific Railroad it would attract national attention and strengthen you greatly with Congress and the people, should you hereafter ask a guarantee of bonds. A great deal could be done even this year with proper energy. One hundred thousand emigrants brought into that region would give the road great claims upon the nation. This would be say 20,000 heads of families. They would buy each 160 acres, equal to 3,200,000 acres, which at $5 per acre would be $16,000,000. You could furnish houses at $50 each, of logs, and receive, say, in payment during ten or twenty years, giving work on the road to settlers in preference to others. The $16,000,000 could be turned over as security to the holders of the railroad bonds. Why can you not get in Scandinavia, Germany, England and Ireland, 20,000 families who, if passage was paid or partly paid, would enter into labor contracts to repay in work on the road and pay for their houses in the same way. You would require to select honest, healthy and industrious men who would live up to their contracts. A system should be organized by which attractive pamphlets setting forth the arrangements should be published and an advertisement put in all the Minnesota and Wisconsin papers, English, German and Scandinavian, offering to send a copy of the pamphlet prepaid to any address forwarded to the company, and to enclose in it a circular containing the name of the party in Minnesota or Wisconsin at whose request it was sent. In this way the pamphlet would reach the European with the endorsement of his friend in America. A judicious use of printers' ink and postage stamps would thus render the settlers in Minnesota and Wisconsin emigration agents in behalf of the company among their friends at home. . . . The best houses for that climate will be those made like the houses of the Swedes, of squared logs with moss laid between the logs. This makes a very warm house. You could set a saw mill at work to saw the logs square, cutting them off your railroad lands. You could have them on hand by the thousand of the same lengths. I think a story and a half house of this kind, with three windows

and two doors, could be furnished ready for putting up for $50, perhaps for less.[1]

In a word, Mr. Cooke had many suggestions from many sides, and much thought was bestowed upon the subject of colonization in the intervals when he was not employed with more pressing matters. The population of this vast region looked to the future, but if the road, as it was built, was to be self-maintaining, through the receipts from way traffic, it was necessary that the arrangements should go forward as rapidly as possible. It is true that the company was not yet in possession of its lands and could not be until its completed line was inspected and accepted by commissioners representing the government of the United States. As might be expected, this step was delayed. The management acted with its accustomed dilatoriness, broken only with promises that all would be right by some special dispensation of Providence reserved for the railway men of Vermont. It was difficult to persuade Smith and his associates even to see that the government surveyed, platted and set aside the sections to be applied to the railway grant after the route was definitely determined by the engineers.

On February 16, 1871, Philip W. Holmes wrote to Mr. Cooke as follows:

In my judgment means should be adopted to secure the actual possession of the real estate belonging to each section immediately after the completion of that section, and if the company is at present entitled to land, the fee to that land should be at once vested in them. Four sections of twenty-five miles each are ready for presentation and acceptance, which would entitle the company to 1,280,000 acres, to be retained either as actual security in possession for the bonds, or sold by the trustees under

[1] April 9, 1870.

the conditions of the mortgage. It is presumed that along the entire line from Duluth to the Pacific, the lands are withdrawn from the market, but until the legal and actual possession is acquired, I am fearful that the efficacy and value of the mortgage may be in doubt. This, of course, is personal and confidential, for its real value is necessarily progressive. In this country the people are not disposed to investigate the legal character and construction of a bond and mortgage, but in Europe capital, being more concentrated, is slower and more scrutinizing in seeking investments. Therefore, if at the time we put these bonds on the European market, we can offer not only bonds, but the identical lands upon which the bonds are issued, a great point will be gained, and a character established for the loan that no other similar enterprise has had.

The Lake Superior and Puget Sound Company, which was organized to exploit town sites, water powers, etc., a kind of "inside ring" from which riches were expected to accrue to the original stockholders, was in the hands of Thomas H. Canfield and he managed it in his own way. It had nothing to do with the business of selling the farming land nor was it intended that it should interest itself in immigration and colonization. It was to send its agents before, selecting eligible positions, preempting them for its particular uses and holding them against the claims of the large body of settlers who were expected to follow the general opening up of the lands comprised in the grant.

General land matters were in the control of the Northern Pacific Company's Land Committee, of which Frederick Billings was the Chairman. While Billings was a Vermonter and was at first looked at askance by those who were suspicious of all members of the group, he proved to be one of the most forcible and useful of the company's friends. Jay Cooke soon discerned his

value,[1] and they mutually supported each other in many serious emergencies in the history of the road's early management. Billings did not mince words and when he convinced himself that there was something for him to do in the Land Department he set about his task in a manly way. On February 22, 1871, he wrote to Jay Cooke:

> Your note of yesterday received. I appreciate the necessity of promptly getting our lands ready for market. We can be at work at this before we get the patents, before even the appointment of commissioners. Just as soon as the line is finally established the mapping, platting and examination of sections can be going on. The appointment, rather the selection of commissioners should, I think, be left to yourself and the president of the company. You will name men of such lofty character there is no fear President Grant will not appoint them. The twenty-five mile acceptances of the road are a continuous *imprimatur* of the government, and why delay longer getting the endorsement of government on what we have already done?

But Smith, as might have been foreseen, was not ready, his reason being a good one on its face, that the road must not be accepted from the contractors too hastily. The imperfections in its construction might not be observable for a few months and they must be made to bear the cost of maintenance and repairs until the company could be certain that the work had been properly done. He counselled delay on another account. The lands on the eastern section of the Minnesota Division being heavily timbered and swampy, it would not be well to open them to colonists until the better lands in the west were available, else those establishing them-

[1] As early as in May, 1871, Mr. Cooke had written to Billings: "It is a great pleasure for me to do business with you and General Cass. You are frank in every respect — men every inch of you."

selves upon the line of the road would give a bad account of their experiences and perhaps deter others from following them into the wilderness.[1]

The Secretary of the Interior, to whom the land grant railroads were responsible for the fulfillment of their contracts with the government, was at this time Columbus Delano of Ohio. He had brought up the matter of the appointment of commissioners with Henry Cooke, who wrote to his brother Jay:

> If Governor Smith or anybody connected with the road desire any voice in the selection they should have made it known to the Secretary of the Interior. . . . Governor Smith seems to be supremely indifferent about the whole matter. These places of commissioners are sought after by an army of applicants. The President told me that he was run down with applications. . . . Failing to get any response, or any intimation of the wishes of the company, and finding that Mr. Delano was very anxious to appoint an old personal friend as one of the commissioners, Mr. S. H. Kauffman, one of the editors of the *Evening Star* of this city, I told him (Mr. Delano) I knew of no objection to Mr. Kauffman, as he was an intelligent, honest and fair man.[2]

The delay, it is easy to see, embarrassed the work of the bond selling department. "If before or shortly after the first of the year," said Holmes again,[3] "those contracts for the sale of 200,000 acres of land in Minnesota, which we have been told for some time by the Land Department have been nearly perfected, could actually be closed and ten per cent. of the purchase money paid in, then the trustees for the bondholders could do for the success of the loan that which no amount of ordinary

[1] Smith to J. C., February 23, 1871.
[2] H. D. C. to J. C., May 26, 1871.
[3] November 28, 1871.

advertising could possibly effect. When the public once sees that we are actually purchasing bonds out of the proceeds of land sales there will be more buyers than sellers."

In the summer of 1872 Smith was still not ready to have the government inspect the road. Roberts must first go over the line to see that all was ready, lest there be an unfavorable report from the commissioners. Finally the president telegraphed from Fargo, the name given to the station on the west bank of the Red River, opposite Moorhead, that the examination had been completed and in thirty days the road would be ready for the government's inspectors. In October, 1872, eighteen months after Henry Cooke announced the selection of Mr. Kauffman as the chairman of the commission, which Mr. Delano was then ready to appoint, the Secretary of the Interior added the names of A. C. Sands of Cincinnati, "a life-long friend of Senator Wade," and selected on his advice, and Thomas Underwood of Lafayette, Ind., an appointment made on the solicitation of Vice-President Colfax. Henry Cooke thought the commissioners "entirely friendly," and at the same time "able and respectable." [1] They went to Duluth and inspected the track at once, their report being thoroughly favorable. They examined the entire completed Minnesota Division of 228¾ miles from the junction to Moorhead. The bridges and culverts were pronounced to be "ample." The ties of oak, tamarack and Norway pine, were laid 2640 to the mile; the rails were of American manufacture, weighing 56 pounds to the yard. The inspectors reported 68 locomotives in service on the line, with

[1] H. D. C. to J. C., October 8, 1872.

18 passenger cars and some 1,500 freight cars. Having found the road "to be judiciously located, well constructed and adequately equipped, and believing that it substantially meets the requirements both of the letter and the spirit of the law and Department regulations bearing on the subject, the Commission respectfully recommends its acceptance by the government." [1] One of the commissioners, Mr. Underwood, was so much pleased as a result of his observations that he wrote an unofficial endorsement of the road for the use of Mr. Cooke's furore-makers in Third Street. The land in Minnesota was now about to come into the possession of the company, but nothing practical could be done with it until the spring or summer of 1873, as the ensuing winter was one of unprecedented cold and snow.

Although actual work in this field was so long delayed, plans could be laid for the future and one task of much real value to the enterprise might be performed. If the company were not yet able to people its own lands it could use its agencies to bring settlers forward to occupy the government's even numbered sections under the Homestead Law, thus insuring traffic to the road and enhancing the value of the adjoining sections when they should be offered for sale. As early as in 1871 a Land Commissioner to go over the field and familiarize himself with the entire subject of colonization in Minnesota had been appointed. Colonel John S. Loomis, who had been the President of the National Land Company, was chosen for this place, but his administration did not satisfy Mr. Billings, and after one year William A. Howard succeeded to the post. The terms upon which

[1] From the Report dated December 10, 1872.

lands could be purchased from the company were fixed as follows: Ten per cent. in cash, ten per cent. in one year, ten per cent. in two years, ten per cent. in three years and fifteen per cent. annually thereafter, the payments thus covering seven years. The company charged seven per cent. per annum upon deferred payments. Thus, if the settler should purchase eighty acres at $5 per acre he would pay in the seven years, through which the credit would run, $509.20 or $400 plus the interest, $109.20. The arrangements at every point were very favorable to the poor and it was intended that no obstacle of a pecuniary nature should be interposed to hinder the rapid settlement of this belt. A very important feature of the plan, and it should have favored the sale of bonds as well as of farms, was the decision to receive the company's seven-thirties at 110 in exchange for land. It was a measure conceived in righteousness and it should have borne good fruit, but so surfeited were the people at this time with both railway bonds and railway lands that the best of plans totally, or in large measure, failed to fulfill the expectations of those who formulated them.

Indeed, the people were so full of isothermal lines, comparative latitudes and glowing facts about climates, crops and distances from New York, Liverpool and Shanghai of new cities set in concentric circles upon the map of the American Northwest, that they were ready to enjoy the flowing satire of J. Proctor Knott. He held a seat in Congress from Kentucky and rose on January 27, 1871, during the debate on the St. Croix land bill, setting the House and a little later the country at large in a roar of laughter by a speech which was remembered

DULUTH IN 1871

for many a day. Duluth was the "name for which his soul had panted for years as the hart panteth for the water brooks." "The symmetry and perfection of our planetary system would be incomplete without it. I see it represented on this map," he continued, spreading out a chart, "that Duluth is situated exactly half way between the latitudes of Paris and Venice, so that gentlemen who have inhaled the exhilarating airs of the one, or basked in the golden sunlight of the other, may see at a glance that Duluth must be a place of untold delights, a terrestrial paradise fanned by the balmy zephyrs of an eternal spring, clothed in the gorgeous sheen of ever-blooming flowers and vocal with the silvery melody of nature's choicest songsters. In fact, sir, since I have seen this map I have no doubt that Byron was vainly endeavoring to convey some faint conception of the delicious charms of Duluth when his poetic soul gushed forth in the rippling streams of that beautiful rhapsody:

'Know ye the land of the cedar and vine
Where the flowers ever blossom, the beams ever shine,
Where the light wings of zephyr oppressed with perfume
Wax faint o'er the gardens of Gul in her bloom;
Where the citron and olive are fairest of fruit
And the voice of the nightingale never is mute;
Where the tints of the earth and the hues of the sky
In color though varied, in beauty may vie?'"

It was "a very lame attempt to be witty," thought Governor Smith,[1] but it amused the American people, given to laughing at the man who becomes too serious, and then moving off in the cloud of merriment which their ridicule evokes without other argument. What-

[1] Letter to J. C., February 27, 1871.

ever Governor Smith or anyone else thought of it the speech was of no advantage to Duluth for several years afterward, or until by its rapid growth the "Zenith City of the Unsalted Seas" had turned the laugh upon Knott and made him appear to be a very unprophetic man.

While the people were in this mood it was no grateful task to tell them even the truth. The Northwest was so new and so little was known about it that what to-day reads as a mere sober recital of facts was then viewed with the greatest suspicion and skepticism. The most critical reader may go over Jay Cooke's various circulars and pamphlets relating to this region in the light of what we have since come to know about it without finding material error of fact or a prediction which has not been or is not now in the way of being realized.[1] He had studied the Northwest at great cost to himself, his firm and the railway company. He knew the facts as his contemporaries could not be expected to know them, but such was the unsettlement of the times that even with his enormous credit and prestige, enough of the people could not be made to have faith and to believe. He very often cautioned his writers and advertisers to give a care to their statements and although his own enthusiasm was almost unlimited, it was so obviously sincere and his mistakes of judgment, if he made them, were confused with so much love of progress and true patriotism that none but a malevolent enemy would dare to charge him with any but the highest motives. Nor will the closest study of his career reveal any other. He was enthusiastic in spreading the truth and he took care to discover what was wheat and what chaff in the

[1] See E. V. Smalley's *History of the Northern Pacific Railroad.*

information that came to him through the many sources which he had for gaining information in regard to the great enterprise he advocated.

George Sheppard became the railroad's commissioner of emigration in Great Britain and his activities later covered the Continent. [1] He closely co-operated with the London house and established many agencies in different parts of Europe of which probably as much came as the times and his resources would allow. A prospectus was prepared for circulation in Europe and in it was made the statement that Minnesota was "the best wheat growing region in the world." When the paper came into Jay Cooke's hands he said the claim was extravagant. Fahnestock, who was abroad at the time it was prepared, came to his own defense and explained how it had been

[1] The man to initiate and take charge of the emigration movement in Europe was not found immediately. John Russell Young had a number of plans for the work and for the proper sum would have abandoned journalism to represent the company as a general commissioner to turn the eyes of intending colonists to the American Northwest. But Mr. Billings thought that he did not possess the business talent for the post and the work in so far as it ever had a general European head was entrusted to George Sheppard, at first the agent for Great Britain only.

In 1872 Baron Gerolt, who had now returned to Germany, still a friend of the Northern Pacific, had set a Mr. Pelz at work for the railroad to supplement Mr. Kapp's services. This man published a paper called the *Pfadfinder* (Pathfinder). The Baron's influence was expected to be very useful to the company. The testimonial presented to him by his American friends, an *epergne* of silver manufactured by Philadelphia smiths, was received in time to be exhibited at a dinner party in Berlin in honor of the Emperor of Russia. The Emperor and Empress of Germany and Prince Bismarck afterward sent a messenger to the Baron's hotel to congratulate him upon the event. In accepting his resignation the Emperor had given him a handsome pension and nominated him to be a Wirklicher Geheimer Rath with the title of Excellency. (Gerolt to J. C., January 28th and May 14, 1872.) On all occasions in friendship for Mr. Cooke he advocated the railroad and encouraged his countrymen to purchase its bonds and lands.

written. The old prospectus had been discarded; it suited no one. "Then," said Fahnestock, "Mr. McCulloch wrote a new one which read like the Declaration of Independence; Mr. Sheppard wrote one which read like Disraeli's novels; old Sargent's read like his oration at the banquet at Duluth. I gave them all to Sheppard and had him boil them down together. I then scratched out about half of what he had written and after a good deal of turning and twisting the result was arrived at." [1] Under all the circumstances Mr. Cooke was asked to incline to leniency and be not too critical of the resulting document.

To most of the circulars and "handbooks" for emigrants was added a postscript, "A Word of Advice to Intending Colonists," urging that they should raise their hopes not too high. It was desired that they should go out from Europe and the eastern States of the Union without expectations which in the nature of the case could not be realized. Mr. Cooke wished no "grumblers brigade" made up of people who were "too fine to rough it," who, after a short time, would turn back with "doleful stories of the West." Such folk should "cling to the maternal East and petition their government to give them free homesteads of 160 acres each within sight of the steeples of Boston, New York, Philadelphia, Liverpool or London." Would-be colonists were reminded that "in the Northwest as elsewhere thrift and success will not follow idleness, chicken-heartedness, changeableness, corner grocery lounging, bad management and drinking habits." They would find "some waste and worthless land in the most fertile region and some days

[1] Fahn. to J. C., March 21, 1872.

of wretched drizzle and chill under the most delightful of climates."

Mr. Cooke did say however that "the belt of country tributary to the Northern Pacific road is within the parallels of latitude which in Europe, Asia and America embrace the most enlightened, creative, conquering and progressive populations." The government grant to the company comprised "over 22,000 acres of land to every mile of finished road. This land agricultural, timbered and mineral amounting in all to more than fifty million acres extended "in a broad fertile belt from Wisconsin through the richest portions of Minnesota, Dakota, Montana, Idaho, Oregon and Washington to Puget Sound."

"Admittedly," said he, "there are portions of the vast region tributary to the Northern Pacific Railroad where for the present the rainfall is insufficient for most crops and irrigation is necessary, yet even in such localities the grazing is usually good the year round. The wonderful network of living brooks, lakes, streams and navigable rivers furnishes the basis for a most simple and economical system of irrigation."

The Northern Pacific land grant was "larger than the six New England states with Maryland added, or as large as the two states of Ohio and Indiana combined."

"There is room in it," said the pamphleteers, "for ten states as large as Massachusetts, each of them with a soil, a climate and resources of coal, timber, ores of metals and perpetual water power altogether superior to those upon which Massachusetts has become populous, rich, refined and politically powerful. The grant

is nearly seven times as large as Belgium or more than three and a half times as large as Holland."

An idea of its value could be obtained from the experience with other railroad land grants, as for example the Illinois Central's which had yielded very handsomely. Although that company had received only 3840 acres per mile of road the return was above $11 per acre, meaning a total income of about $30,000,000. The Grand Rapids and Indiana had averaged nearly $14 per acre for the lands in its grant. In the Northern Pacific was seen a road with 12,800 acres to the mile of track in Minnesota and 25,600 acres per mile in the territories over by far the greater part of its distance, vastly more than was given to any of the other companies and probably of a better quality for the most of the way. Sold at only $5 an acre the yield, it was easy to compute, would be much greater than the cost of constructing the line. It meant an income of about $140,000 per mile in the territories and a railroad should nowhere cost more than $40,000 or $50,000, the prairies being covered at a considerably less rate.

"Now what is this landed empire of 50,000,000 acres worth?" asked Mr. Cooke in the circulars. "If it sells for only the low price per acre at which the Kansas Pacific road forced off its lands while it ran through and stopped in a wilderness of buffalo grass [it "ended nowhere"] the proceeds will be over $165,000,000. If nursed and sold on judicious credits as were the lands of the Illinois Central, the proceeds would be on the basis of that road's sales $550,000,000. If sold at the average price of the Minnesota school lands the proceeds will be $350,000,000."

The interests of the Northern Pacific could not conflict with those of the Central and Union Pacific roads, the two being five hundred miles apart. It would have feeders and spurs north and south to serve the commercial needs of the entire belt with all the tributary country, as the railhead advanced and the population came in to settle the lands and justify the added outlay. The Northern Pacific was called the "Valley Route," and this it was in truth. As "old Tom" Benton had said again and again it was a route of water and grass all the way to the sea. The road had scarcely left one watercourse until it pitched into another valley and from river to river it passed to a beautiful sound filled with fine harbors, a prospect calculated to arouse the enthusiasm of the coolest man when he contemplated the subject, and contrasted the line with that which had been followed when the other road was built across the sandy, unwatered, Sahara-like plains of Utah and Nevada on the way to San Francisco.

As for Minnesota and the Red River valley nothing that was said during the Northern Pacific campaign by the most flowery advocate of this region as a wheat growing section has surpassed to-day's realities. Minnesota had produced 2,374,415 bushels of this cereal in 1859 and 17,660,467 bushels in 1869. The yield in 1900 was 95,000,000 bushels. Dakota, as yet a prairie unscratched by the point of a plow, and then believed by many to be most unfertile, yielded 102,000,000 bushels of wheat in 1900 (North and South Dakota), much of it going out in the grain or in the form of flour through a city of 53,000 inhabitants, Jay Cooke's Duluth, over the whole length of the Great Lakes and the St. Lawrence,

or through the Erie Canal, or by way of the efficient grain carrying railroads to feed the people of the eastern states, and the manufacturing communities of Europe. Dakota could not be unfertile, said Mr. Cooke. "It is the home of the game and the Indians who never go into a poor country. Of course there is some *mauvaise terre* here and there, but even this is covered with grass and capable of sustaining flocks and herds."[1] Not half of the truth was told in 1870, 1871, 1872 and 1873 about the wheat lands of the wonderful valley of the Red River of the North.

It was said that the Yellowstone River region with its many natural wonders would attract tourists in increasing numbers. Lectures were delivered by returning travellers, pictures were shown upon slides and paintings were exhibited to impress upon the unbelieving a faint idea of the future attraction of this district, and the resulting profits to a railroad penetrating it. No promise on this point remains unfulfilled.

Montana was called "the treasure box of the West." Already Helena was a busy town. The people pressed for an early completion of the road to the Yellowstone so that they could obtain communication with the East. They must now traverse a dusty trail in stage wagons five hundred miles to Corinne on the Central Pacific Railroad with passengers, as well as with provisions, and all kinds of merchandise which they needed to receive or to send away to the world's markets. In 1870 18,000,000 pounds of freight entered Montana by this route at a cost of fifteen cents a pound. The "first-class" fare for passengers was $66. Wells, Fargo and

[1] To Blaikie and Alexander, March 12, 1872.

Company ran daily stages, making the trip in four days. There was also "a daily line of fast freight and express wagons," which travelled night and day and covered the distance in nine days. Sometimes during the summer boats ascended the Missouri to Fort Benton, about 140 miles north of Helena, with which place there was stage connection thrice a week. It was 3,100 miles from St. Louis to Fort Benton and the trip cost $100 upon the boats alone, the time consumed varying from four to eight weeks.

In all that was said of this mining region there was barely a suggestion of the wealth that has come out of the gold, silver and copper mines to conduce to the advantage of the Northern Pacific and its rivals in this profitable field. As for the herds which it was foreseen would graze upon the rich "bunch grass" that covered the slopes of the mountains even Wilkeson did not exaggerate. Long since has the sheep-growing area of this country moved westward from Ohio, where it lingered in the 70s and 80s and this little animal whose fleece clothes the civilized races of man grazes upon the lands of the Northern Pacific Railroad. By the census of 1900 Montana led all the states of the Union with over 6,000,000 head, and Montana, Wyoming, Idaho and Oregon together supported 17,000,000 head, or nearly one-third of the entire American flock.

Nor was there exaggeration of any kind conveyed by Jay Cooke's statements in regard to the climate of the Northwest beyond the Rocky Mountains. The ocean currents and other weather influences of the Pacific coast united to produce there atmospheric conditions as enjoyable to man as they are favoring to animal and

plant life. That fact has been made abundantly clear and is known to-day even by the untravelled and the unread. No hyperbole marked the descriptions of the forests of great trees in Oregon and Washington which have since proven to have so much value as a source of the timber supply; of the natural beauties of the Columbia Valley or of Puget Sound, or the value of those water surfaces for the purposes of navigation and as fishing grounds. These all were but faintly depicted to the people of the United States and Europe in Mr. Cooke's circulars and pamphlets of which at length they seemed to tire. That the salmon crowded the Columbia and the whaling grounds were tributary to Puget Sound there is no one to deny in the light of later knowledge, and all the world is aware to-day that that sound is the rational terminus for ships bound to and from the Orient.

The existence of valuable and extensive deposits of coal in that region is to-day a matter of established knowledge and the water power in the streams which the road parallels or crosses has at many points been put to important human uses. There were some disappointments, as in reference to the slate in Minnesota, the coal in Dakota and the iron in Oregon, but as very little was made of these things in Mr. Cooke's publications, since he had not yet convinced himself of the truth of the statements of his informants, he will be not greatly blamed by the reasonable man for holding out false expectations to the world on these scores.

"No enterprise of this age has been so fully explained to the people at large as the Northern Pacific," said Holmes on November 28, 1871. The pamphlets and

circulars describing the lands, the climate and the general advantages of the region as a place of settlement were printed in several languages and distributed through many agencies in the eastern and southern states and in northern Europe. Intending emigrants were carefully directed as to their best course after they had determined to go forward and take up their residence in the new country. More than five in a party could obtain reduced rates upon the railroads; all were carried free after they reached the lines of the Northern Pacific Company. They were advised as to prices of household and farming implements and the facilities for purchasing them at or near their proposed places of settlement. They were told when to begin to plow, what to plant, how to build their cabins, where to market their products and it was intended that all possible kindnesses should be extended to the Northern Pacific colonists, no matter whence they came or whither they eventually went. Every booklet fully specified that homesteads could be occupied free of cost and no effort was made to sell land to the man who preferred to and could answer the government's requirements for obtaining it gratuitously.

The main immigration office was connected with the Northern Pacific headquarters in New York and there were branches at St. Paul, Brainerd (the new Northern Pacific town at the crossing of the Mississippi), and at Kalama, the southern terminus of the line which was building in Washington Territory. At Kalama and at Brainerd, Glyndon and Detroit Lake in Minnesota "Reception Houses," were erected and settlers might occupy them without cost until they located their farms.

Each house was large enough to hold 500 to 1,000 persons and was provided with stoves, conveniences for cooking, washing and sleeping, even hospital accommodations, so that every suitable favor was given to those who had arrived to try their fortunes in a new land. The colonists were afforded all facilities to come to a wise determination as to the best sites for their future homes and fields, and the organization when it was on the way to perfection in 1873 promised to be entirely efficient, in spite of the company's hampered finances and the difficulties which were encountered on every side in the way of carrying out the ambitious plans that had been laid for the work. European colonists who were forwarded by Mr. Sheppard and his coadjutors, coming as a rule by the Allan and Cunard lines, were welcomed at the wharves in New York. The company appointed a Commissioner of Immigration, Major George B. Hibbard who had assistants and interpreters, and how many emigrants passed through his hands during the season in 1873 may be gleaned from a letter to Jay Cooke. On May 29th he wrote:

"I am sending forward a party of thirteen English colonists to-night by way of the lakes from Buffalo. I shall have a party of sixteen to send to-morrow and another party of fifty-three Bohemians which will land about Monday and go forward the same day."

Sometimes the emigrants, if they promised to be influential in establishing colonies, were brought to Philadelphia to visit Jay Cooke. In May, 1873, three Russians and two Germans were entertained at "Ogontz." They were Mennonites and it was said that they represented 40,000 families which would remove to America,

A RECENT VIEW OF DULUTH, LOOKING TOWARD THE HARBOR

because of their scruples against military duty. From the beginning it was designed that there should be colonies along the line of the road and Major Hibbard was engaged in the effort to induce soldiers and sailors of the Civil War to gather their comrades about them and go forth to take up adjoining sections, thus establishing what it was believed would be congenial and efficient communities of people. A few colonies had already been established, as for instance the New England Colony at Detroit Lake which on January 1, 1873, consisted of one hundred houses. It had five religious societies, schools, a saw mill, a grist mill, a brick yard and other manufacturing industries. The town had its post-office, a newspaper and a national bank. The Red River Colony had been established in Clay County, Minnesota, and controlled 36 townships. In 1873 several other colonies were organized or ready to organize, the railroad's agents widely distributing blank articles of association with a view to facilitating such arrangements.

Regarding the company's emigration system the New York correspondent of the Philadelphia *Inquirer* wrote in 1873:

> The Northern Pacific Railroad Company seems to have left no reasonable thing unattended to which can promote the comfort and welfare of the people who decide to settle on the line of its road. At convenient and prominent points throughout Great Britain and the Continent, trustworthy resident agents circulate information and answer questions in regard to the New Northwest as a field for settlement — being instructed to avoid all overstatement, solicitation and importunity — and give all needed advice respecting the details of emigrating. At the leading seaports the company's representatives attend to the embarkation of the intending settlers, secure them transportation at the lowest

attainable rates, look after their multiform luggage, keep them out of the hands of sharpers, and see that they have comfortable accommodations on board. Arrived off New York they are met in the harbor by the agent of the company, who, in a genial, off-hand way, and speaking their own language, relieves them of the anxiety, confusion and embarrassment which usually attend the arrival of untraveled persons in a strange land. They are conducted through the intricacies of Castle Garden with a promptness only known to experts, their baggage collected, the young and sick assisted, and all hands preserved from thieves and runners and conducted to decent, quiet and inexpensive boarding houses for a day or two of rest before proceeding westward. While in New York, accommodations are furnished them at the company's roomy emigration office near Castle Garden for writing letters to their home friends, and their money is changed into American currency at the ruling price of gold. Refreshed and already half-Americanized, the new citizens face westward, are placed in clean, upholstered cars, accompanied by an escort, if the number is sufficient to require it, and then spend three days between the seaboard and St. Paul in admiring the bigness of the Yankee Republic.

Thus the work moved forward on many different lines and in the main, but for the increasing difficulty of controlling the financial situation, with encouraging results. Early in 1872 a resolution appeared in the House of Representatives [1] asking for an inquiry into the management of the railroad. It was introduced by General N. P. Banks of Massachusetts. "He ought to be expelled from Congress for such outrageous attacks upon the great interests of the country," Jay Cooke wrote his brother Henry on February 14, 1872. "If I get at him I will give him a piece of my mind, and no mistake, for his impertinence and foolishness." Henry Cooke went to the General and asked him what were the motives for

[1] *Globe*, p. 975.

his action. He said he was animated by no spirit of hostility to the enterprise, but he was frequently asked as to the progress of the work on the road and the prospects of its completion. Bonds were being sold "to all classes of investors in every nook and corner of the country upon the representation of Jay Cooke and Company, in whom the people had learned to confide," and he wished authoritatively to inform himself and his fellow members upon the subject.

The matter was referred to the Pacific Railroad Committee. In this emergency Henry Cooke was again of the greatest assistance to the company. Governor Smith was as usual absent in Vermont and the task of rebutting the attack fell to those who had had experience with such work on other occasions. It is said that Sam Wilkeson wrote the report for the committee and it was adopted substantially as it was furnished to that body of statesmen.[1] "The chief thing to accomplish," said General Nettleton, "was to overcome the indifference of the committeemen, not their hostility. Several members of the committee took the ground that as no charges had been made against the company there was no occasion for a report, and as we obviously wanted their report as a big advertisement they were not disposed to be used in this way."[2] It was presented to the House on June 8, 1872 and was promptly printed and sent out to all the newspapers in which the Northern Pacific loan was advertised.[3]

[1] Nettleton to J. C., June 7, 1872.

[2] Nett. to J. C., June 13, 1872.

[3] A number of dissatisfied bondholders, who seemed not to rise above the dignity of blackmailers, which they were freely called by the officers of the company, employed counsel, and they were thought to be behind

The time was at last at hand to rid the company of President Smith, Canfield and their partisans and associates. Mr. Cooke had exercised his accustomed patience in the case of this clique. He had extenuated the President's neglect of his duties, his dilly-dallying, postponing and excusing and his proneness to entrust important matters to incompetent and dishonest persons, until these things were not longer to be borne. Contrary to Mr. Cooke's repeated directions, although he owned a majority interest in the road, the officers exhibited a disposition to proceed without consultation with him, even when their action involved the lavish expenditure of money. On February 26, 1872, he wrote to Governor Smith:

I desire to be fully consulted and know you will do nothing without my cordial consent. Please do not buy anything or make any contracts where money is required without full consultation with me.

Nevertheless, in a few days he learned that 10,000 tons of iron were being purchased for shipment to the Pacific "a year before it was needed." On March 8th he wrote to the Treasurer, A. H. Barney:

I have written to the President to-day that the iron must not be rushed off in that way unless the Board is willing to make a special loan over their own signatures to pay for it. It is a fearful sum of money, nearly $800,000, and until we sell bonds

General Banks. The lawyer, a man named Blount, wrote to the New York *Herald* on June 9, 1872: "A report was submitted to the House by Mr. Sypher of Louisiana from the Pacific Railroad Committee during the closing moments of last night's session, so the journal Clerk of the House informs me, and that is all he will say about it. The report covers fifteen pages and is probably favorable to and made in the interests of the Northern Pacific Railroad officers, as Ex-Senator Wade has ordered ten thousand copies and is impatient to get them."

enough to pay for it not one single rail should go aboard ship. My wishes have been utterly disregarded of late as to full consultation in regard to these purchases and payments.

If the purchases were necessary he (Mr. Cooke), had he been consulted, could have got a long credit from the manufacturers or paid a portion of the account in bonds. On April 25, 1872, the financier wrote to Governor Smith:

The drafts of the company are fearfully large and will run up this month to 8 or $900,000. What they are doing with all this money I cannot see. It seems to me that you are spending 50 to $100,000 in Minnesota per month for the fun of running a railroad without any receipts. I think you are not aware of the rapid disbursement of the funds. You have also gone ahead too fast, I think, in buying a steamboat on the Missouri before we are anyway near there. Steamboats are leaky things and run away with a good deal of money. You must put on the brakes and handle each dollar carefully before laying it out. . . . Your disbursements are so terrific and apparently without any results that I think it is time you should pause.

To make matters worse Mr. Billings wished to resign from the chairmanship of the Land Department on the ground of overwork. "You must have twenty amanuenses if necessary," Mr. Cooke wrote on April 27, 1872; "shall have your own way in everything and shall only work as much and as fast as is agreeable to your health, but it will be the ruin of our whole enterprise to allow you to resign at this stage. I cannot possibly consent to it and shall feel that my right hand has been taken off if such a thing should come to pass as your relinquishing the post you fill so nobly. Go out with me in June and catch some fish in Lake Erie and have a good rest." After writing the above the financier heard that Billings was looked upon as a candidate for Governor

of Vermont and this was given as another reason for his retirement. Mr. Cooke added in his jolliest humor: "Bad fellow, you! what sort of diff. does it make. You can be Gov. and still attend to the chairmanship or land directorship. That little two-penny state ain't one-fortieth as big or as important as the other office and I would rather have your little toe than anybody else."

The dismissal of the president of the company had been urged upon the banker for many months by his immediate advisers and by many weighty outside influences. Smith had lately voted himself a salary of $20,000 a year while continuing his avocations in Vermont; his Vermont Central Railway system was on the verge of financial collapse, and that some one should take the initiative in this unpleasant matter and arrange for his retirement seemed to be indispensable. Mr. Cooke, to whom such scenes were entirely distasteful, finally wrote a letter which was put in the hands of General Nettleton. There was a polite reference to a trip abroad as a *douceur* during which he might try to do what all others had failed to do—sell a few millions of the company's bonds to the bankers of Germany, Great Britain or France. In truth it was a power of attorney for General Nettleton to demand, receive and accept Governor Smith's resignation for Mr. Cooke. The Vermonter strove for a postponement, but the General was inexorable and returned to Philadelphia with the precious paper in his pocket—greatly to the delight of the financier.

The proposed change of management included the removal of both Smith and Rice and the election of George W. Cass as President and Frederick Billings as

Vice-President. Cass was President of the Pittsburg, Chicago and Fort Wayne Railroad and of the Southern Security Company, and was closely associated with the management of the Pennsylvania Railroad. He was a railway man of wide practical experience and although Mr. Cooke's friend, Henry E. Johnston, the Baltimore banker, had heard that he said "other things than his prayers" and those not so frequently as he ought to, and James G. Blaine wrote a note—as usual "personal and private"—cautioning Mr. Cooke against such a choice since it would "squint a little towards a Pennsylvania-izing of the enterprise," [1] the Philadelphia financier was not deterred. The road now needed a direct, decisive man and that he came from the Pennsylvania group of railway men was of no conceivable disadvantage from the standpoint of the company's fiscal agents. "With Cass and Billings at the helm, and a wide-awake working board," wrote General Nettleton, "Jay Cooke and Company need not and should not hereafter hold to the enterprise such a paternal relation as heretofore. It will be far better both for the railroad company and for our house that the two be divorced in all things not properly connected with the financial agency." [2]

Even after he had written his letter of resignation Smith was disposed to resist Mr. Cooke in the hope that something would occur to put a different face upon things; but when he discovered at the meeting of the Board of Directors that he had no one at his back he "came down most gracefully and manfully." The ostensible reason for his retire-

[1] June 28, 1872.
[2] June 13, 1872.

ment was his inability to attend to the interests of the Northern Pacific and the Vermont Central roads at the same time, a statement which was perfectly true and his double connection was timed to cease upon the first of September. Colonel Scott and the officers of the Pennsylvania Railroad had said that they would not release General Cass for any other enterprise in the United States except the Northern Pacific Railroad,[1] and he had engagements which would prevent him from assuming his duties actively before November 1st, but in the interval, through September and October, he promised to give a passing care to the company's affairs. On September 3d he wrote from New York in response to Jay Cooke's greetings:

I will do what I can now to make a dollar buy the most for the Northern Pacific Railroad Company, but you must not assume, as you seem to do, that I am in charge of the property. Until after my return from the Pacific coast, say November 1st, you must not look to me as running the machine.

General Cass was a member of a committee which the Northern Pacific Board had appointed to proceed to Puget Sound in the interest of the road, and he embraced the opportunity before assuming the duties of his office fully to inspect the ground, both at the western end of the line and in Minnesota and Dakota. In formally accepting the trust in November he said in closing an address to the members of the Board of Directors:

I will also say that the vast country within the limits of your land grant is not equalled by any similar extent of country west of the Mississippi River in all of the elements necessary to support an intelligent, enterprising and prosperous population in

[1] S. W. White to J. C., May 25, 1872.

the comforts and luxuries of life. There is no problem to solve as to the success of the Northern Pacific Railroad after it shall have been constructed. The only question after that event will be how intelligent men of this age should ever have had a doubt about its success.

General Cass at once enforced economies on all sides. He removed the offices of the company from 120 Broadway to 23 Fifth avenue where the land, emigration and various administrative offices were concentrated. He converted Wilkeson into a private secretary whose duty it was to write and copy the President's letters. Cass wrote to Mr. Cooke complaining that General Nettleton had a book of free passes which he was using for the advantage of the trustees. "I beg to suggest," said he, "that unless the regulation of the traffic of the road in all its departments is left to the President of the company he will be obliged in his own protection to relinquish all part in its management."[1] Mr. Cooke protested against such language, declaring that it was needlessly sharp, but in the main the economies were entirely to his mind. "There is nothing like poverty to bring about close settlements," wrote General Cass in March, 1873.[2] He had "a way of going straight at a thing instead of around it," as he said by way of apology for his bluntness. Like Billings, he was a man with whom Mr. Cooke was glad to work. "The sharpest eyes in the country are now watching the disbursements in Minnesota and Dakota," Mr. Cooke wrote to Henry Johnston, and he told Baron Gerolt, that General Cass was "the best railroad man in America." The management was now for the first time such that the financier could be

[1] June 17, 1873.
[2] Letter to J. C.

released for the exclusive service of bond selling with a promise of the honest expenditure and wise use of the funds which were given into the company's hands.

The plan of change in so far as it contemplated the substitution of Billings for Rice as Vice President was not realized, but Rice was a little later made a general agent of the Company on the Pacific coast with the rank of Vice-President, and Charles B. Wright of Philadelphia, one of Mr. Cooke's associates, was given the place which he vacated. A. H. Barney, the Treasurer, "a plain, blunt fellow," as Jay Cooke described him, was ready to retire of his own volition and he wrote to the financier: "My position in many respects has been uncomfortable. My duty has been to make enormous expenditures over which I had no control." "The fact is," he continued, "I am nearly worn out with fatigue and anxiety. At my time of life I feel that I ought to have the control of my own time and to be released from the wear and tear of a daily increasing business." He had only lately been elected to the Board of Directors, having before had no voice in the management of the property and it was desired that he should remain at the post, but he urged that he be relieved and A. L. Pritchard was appointed in his place.

Thomas H. Canfield was not so easily disposed of and his elimination almost led to the disruption of the Lake Superior and Puget Sound Land Company of which he was the arbitrary chief. To start the matter Jay Cooke wrote to him to inform him that the "two institutions," the railroad company and the land company, were not being worked in harmony.[1] Canfield said they were.

[1] February 10, 1873.

ANOTHER RECENT VIEW OF DULUTH, OVERLOOKING THE LAKE

He had been at his post for three years and while he had yet been able to do little but organize the work of the company he predicted great achievements for the ensuing three years. He claimed the credit for sending forward into Dakota a body of pre-emptors to occupy town sites and keep off the "roughs" who had earlier infested the line of the Union Pacific and now came north to repeat the experience. The lands not being surveyed they must be held by force until some one could procure a title to them in the interest of the company.

"Look at Brainerd at this moment," said Canfield in some pride. "Not three years old with a mayor and aldermen, and the first five ordinances passed are against whiskey, gambling and such kindred vices, with five churches and schools. I defy any new country of all the Northwest to show any state of society equal to this, and in this case it is entirely the result of the policy, control and management of the Lake Superior and Puget Sound Company." To this sally C. B. Wright replied: "I will thank Mr. C. to show me a town in the Northwest with the railroad advantages held out to Brainerd, and where the railroad has expended $250,000, independent of its main tracks, that will not whip Brainerd out of its boots. It is conceded that the Puget Sound Land Company has with its narrow-minded policy driven more people out of Brainerd than it has kept in." [1] It was stated that town sites were divided into very small lots, that the prices were too high, and that the attitude of the company was in general illiberal. Canfield declined to give sites to colonies, thus driving large parties of settlers into other neighborhoods. General Cass was

[1] Wright to J. C., February 15, 1873.

hostile to the company and a belief prevailed that it was a "ring" for seizing "tidbits" along the line of the road for the advantage of a few men. In short, if it were to be continued at all a reorganization seemed to be necessary. It must be divorced from the railroad and as a first step in that direction Canfield was superseded as a member of the Northern Pacific Board of Directors. Henry Blood, who stated that the company had been "handed over to Mr. Canfield and his friends and dependents,"[1] was elected Vice-President. He would make himself a thorn in the side of the Vermonter until such time as Mr. Cooke's friends could perfect their arrangements to abolish the company and merge its interests with those of the Northern Pacific Land Department under the efficient direction of Frederick Billings.

The proposition was shortly made to the stockholders and there was much antagonism to the plan by William Thaw and his friends in Pittsburg who had been brought into the pool by General Moorhead. They held a "stormy" meeting, refusing their proxies in favor of the change and stating that they had greatly relied upon the profits to accrue to them from the land company. If these privileges were now to be withdrawn they must take a very different view of the investment. A number of them came to Philadelphia to see Mr. Cooke and as Pittsburg's defection at this time could not be happily contemplated the plan was changed at the last moment, and under new management and with a new understanding of its functions Mr. Canfield's company was saved. All these changes counted for efficiency of administra

[1] To J. C., April 19th.

tion and seemed to be called for by experience, much of it rather sore.

The Northern Pacific Railroad by this time had come to be an extensive property, and if all the expectations which had been formed for it in the first three years of its history were not realized some results that must be accounted very important, under all the circumstances, were attained. Duluth was striding forward and in the summer of 1872 it was said that the city contained 2,500 houses. They rented readily at $40 a month and none were to be had at that price. Schoenberger, the proprietor of the Duluth Iron Works, promised Mr. Cooke that they would go on "like race horses." The people still had many of the faults of new western communities. So scurrilous were the newspapers that the principal citizens of the place were compelled to call a public meeting and prepare a memorial to the editors, incidentally threatening to withdraw their advertisements, if such unseemly behavior were not discontinued.[1]

An unhappy backset was experienced in November, 1872, when the lake was visited by a great storm. Several vessels were wrecked and the breakwater, not having been riprapped, was washed away, as were some of the wharves. But the people's courage was not shaken, though the storm was followed by one of the severest of winters. As late as on April 21, 1873, when B. S. Russell wrote to Jay Cooke the ice in the lake was fifteen to eighteen inches thick and on May 27 when General Cass visited Duluth navigation was still impeded.

[1] "If they would keep their mouths and their papers a little more respectable toward their antagonists," Mr. Cooke remarked upon one occasion, the "stupid Duluthians would get along a good deal better." See J. C. to Pitt Cooke, January 2, 1873.

Three steamers had worked their way in through the clear water near the shore. One came to load wheat and two were Canadian vessels bringing passengers and supplies. He said that other ships were in sight upon the outer boundaries of the ice pack and despite the backwardness of the season he was much pleased with the outlook for traffic over the road. The cuts on the uncompleted parts of the line were drifted full of snow until late in the spring. Where trains were running snow fences had been built at many points and seemed to serve their intended purpose since travel was interrupted only for two or three days. Mr. Billings had started a nursery to raise trees which were to be planted in exposed places beside the track to shelter it from the winter winds, and the snow problem gave the managers no uneasiness.

The railhead was now approaching the Missouri River, the goal which at first had seemed so far away. It had been expected that the connection would be completed in the autumn of 1872, but the winter came on suddenly with a distance of some thirty miles still to be covered. The town at the crossing had been named Bismarck in honor of the great Chancellor, a propitiation to the German colonists who, it was hoped, might come out to seek homes in Minnesota and Dakota. "I expect to reach the Missouri River on Friday and take a drink—of the water from Montana," wrote General Cass to Jay Cooke on May 27, 1873. The track reached that place on June 3d, three and a half miles having been laid on the last day, and the long desired connection was established with the navigation of this great river. Opposite Bismarck was built a fort for the protection of the town from

the Indians. Like other forts on the Missouri, it consisted of a stockade, sod ramparts, wooden barracks and a landing place on the muddy river for the receipt of arms and stores. Lincoln one time said of George Alfred Townsend, the "Gath" of the newspapers, when asked if he had visited such and such a place: "No, it is not necessary that I should go. Townsend has been there." This graphic journalist went to Bismarck soon after the road was opened to that point and in a letter to the Chicago *Tribune* in the summer of 1873 he wrote: "The Missouri River rolled beneath nearly as wide as at Omaha, a great sprawling red man's river full of oxide and mire, living as it rolled along upon its own banks, biting concavities from them so that they fell and splashed and were borne away every day in the year. It seemed to me to be nature's greatest gutter around which she had assembled her red *canaille* to soak their feet in her pools and eddies and meditate grand larceny on civilization."

Nine steamers offered their services to the railroad company as freight carriers on this "sprawling" Indian river. Jay Cooke's agents at Washington, Ex-Senator Wade, Henry Cooke, Painter and others, had busily employed themselves in recent weeks obtaining contracts for the conveyance of supplies to the military posts. The Departments were urged now to make their purchases in St. Paul rather than Chicago and to distribute over the entire Northwest from Bismarck rather than Sioux City, and some readjustments which were pleasing in the sight of the Northern Pacific's friends were speedily effected. At high water, as has been remarked, the boats could proceed up the river to Fort

Benton and southward, of course, to St. Louis and the Gulf; and Montana, with its rich mines and admired pastures, lay just before them. It was the hope of the management to push on without delay to the Yellowstone and up its valley into this boasted "treasure box." At Virginia City, the capital of the territory, Mr. Cooke had a faithful representative, the governor, Benjamin F. Potts, an Ohio man who had marched with Sherman's army to the sea, now in the beginning of an administration which was prolonged for thirteen years. The members of the legislature were chartering a rival road that he declared to be "infamous" and he was vetoing the bill as often as they sent it to him to keep the field clear for the Northern Pacific which he urged at once to make a show of track-laying west of the Missouri to calm the restive people. Their hearts were set upon a railroad and this they would have at once, so Potts said, the slow processes of engineering and finance to the contrary notwithstanding.

A very serious impediment to progress in this region was the fact that the Sioux Indian country lay directly athwart the path of the road. From the first it had been unsafe to penetrate the Yellowstone valley, and it was the more difficult in the summer of 1873, because of the notion which possessed the savages that their aboriginal domain was to be invaded and stolen away from them by the white man, the engineer corps being but the harbinger of much that was to follow. Manifestly there was no way to survey the line, as it must be surveyed, without a strong military guard. Ex-Senator Wade gave much of his time as the company's agent in Washington to the Indian question and reservations

were being vacated on the line of the road. Delegations of Indians came east, commissioners went west; payments were made and gifts bestowed in the hope of propitiating the tribes and reconciling their interests with those of the white man. But law and diplomacy would not avail in the present temper of the Sioux, and Milnor Roberts was in no mood himself to go or to despatch a party of engineers into this region without assurances of adequate protection. General Cass had called upon General Sheridan in Chicago, who was a warm admirer of the Northern Pacific, and General Terry in St. Paul, to enlist their co-operation in the surveys. Sheridan said it would cost $750,000, perhaps $1,000,000 for the campaign which was half enough, Cass practically computed, to grade the road. "It is no child's play or pleasure party this summer," Roberts remarked when he was asked to make room in his corps for some young men.[1] "It is serious and dangerous duty. Nothing more and nothing less. Men of experience, coolness and courage alone should be sent." [2]

The engineer, who had accompanied the president of the road to the end of the track in Dakota to be present when the railhead reached the Missouri, wrote to Jay Cooke from Bismarck on May 30th:

The steamer Ida Stockdale is at the landing, ready to load freight and passengers as soon as they come through from the east, bound for the government posts up the Missouri River, and for Montana via Fort Benton. There will be no delay after the track reaches the river. Freighting over the 450 miles from Duluth to Bismarck can begin at once. By the 15th of June the

[1] He already had hundreds of applications on file and until recently he said he had been receiving them at the rate of six a day."

[2] Roberts to J. C., May 2, 1873.

United States troops two thousand strong, with the Seventh Regiment of cavalry, will start from Fort Rice, on the Missouri, to escort our engineer corps on the survey from the Missouri over to the Yellowstone and Musselshell Rivers. I expect to remain on the line and in this vicinity till after the expedition starts. Although my letter is dated Bismarck, I am really writing in a car near the end of the track, about eleven miles out. We are now in the beautiful valley of Apple Creek which, as yet, is just as nature left it, presenting grass already waving and buffalo heads and bones bleaching in the sun. The buffalo and Indian questions appear to be settled east of the Missouri, the railroad track being the finishing touch. Less than a year ago there was not a mile of track in Dakota Territory west of the Red River of the North; now there are two hundred miles. All that this country needs now is settlers. Following them will come timber from Minnesota and coal from Dakota. These combined in proper proportions will make business for the railroad.

The force of troops which had been assigned to the Northern Pacific Railroad's service in the summer of 1873 was headed by General Stanley, with Custer in command of the horse. There were nineteen companies of infantry, and twelve of cavalry with two hundred wagons, oxen, mules, horses, stores and artillery,—all of which had been transported over the railroad to Bismarck for the use of the expedition. It was regarded as the strongest party which had crossed the plains since Albert Sidney Johnston went forward to subdue the Mormons in 1859, and all these United States soldiers enclosed a little party of railway engineers at the head of whom was General Thomas L. Rosser, a West Point graduate and an ex-Confederate cavalry commander who supported J. E. B. Stuart during the war. Leaving Virginia with the determination to let bygones be bygones he had sought employment with the Northern

Pacific Railroad Company. He entered the service as an axeman and was advanced to rodman, scout and guide, soon taking his place at the head of an engineering party which Milnor Roberts entrusted with important surveys in Dakota. He had had many hairbreadth escapes in the Missouri River country. In 1872, when in the service near Bismarck, some Sioux got between him and the river. One crept up to a tree and fired upon him twice. The next time the savage extended his head to aim at his mark General Rosser shot him squarely between the eyes, put the body upon a pony and galloped off to camp. The engineers, like their guards, were seasoned men ready for any emergency. Nor were all these preparations in vain, for the troops had a number of skirmishes with the Minnecanyons and Sans Arcs. In two encounters in August forty Indians were slain and five or six white men were either killed or wounded.

What progress had been made in settling and civilizing the Northern Pacific belt is shown by the fact that already in 1873 there were three newspapers in Duluth, two of them dailies; one at Brainerd, one at Glyndon, one at Detroit Lake, one at Moorhead and one at Fargo, while one was soon to be published in Bismarck. Writing from that place on June 20, 1873, to the Cincinnati *Commercial,* a journal most unfriendly to the enterprise, George Alfred Townsend said:

"I should judge the present population on the eastern division of the Northern Pacific road occupying its land grants to be about 30,000. These are most thickly planted on the Minnesota Division between the Mississippi and Red Rivers, but already claim shanties, barns and wagon camps are to be found westward from Fargo

for thirty miles, never wholly out of sight. Those who are apprehensive that the Northern Pacific zone will be too cold for settlers from temperate regions should see the stream of immigration which is constantly going up the lakes and into Moorhead, filling the steamers which start about every other day to the province of Manitoba."

"Suppose this railroad were never to go a step further," he concluded. "It has at any rate cloven 452 miles of what else must have remained a solitude, tapped navigation on the Red River of the North, neutralized nearly a thousand miles of monotonous navigation on the upper Missouri, and here it is to the west of the furthest settlements of Kansas and Texas, and past the western line of longitude of the Indian Territory."

On the western section the progress was not so satisfactory, but the company had fulfilled all the requirements of its charter and had laid rails from Kalama, its terminus on the Columbia, nearly to Olympia on Puget Sound, crossing for a part of the way a very heavily timbered region where surveys and track construction were expensive. The rail link joined, or would soon join, two important lines of navigation, including at the one end all the towns, farms and peoples set upon the sinuous shores of the great northwestern sound, and at the other the wonderful river and the country which it drained several hundreds of miles inland, an important commercial highway traversed by the fleet of the Oregon Steam Navigation Company. The need of putting under contract 300 miles more of the road was felt, and with that end in view President Cass appointed a committee of three, consisting of William G. Moorhead, Judge Rice and Frederick Billings, to repair to the coast

in the spring of 1873, which they did, reaching San Francisco late in March with resulting advantages to the enterprise. It was proposed to finish a link of about 90 miles on the Puget Sound shore line and to join Wallula, the head of navigation on the Columbia, with Lake Pend d' Oreille, a distance of 208 miles, thus establishing communication from the Pacific coast with Montana. The financial condition of the company did not favor extensive contracts and the committee contented itself with arrangements for the forty miles called for annually by the charter, again making the award to James B. Montgomery, the lowest bidder, who was to be paid mainly in bonds of the company to be held for two years, with smaller cash installments to be met probably by the sale of real estate in the terminal city whose site was soon definitely chosen in a dense forest of fir trees on the Sound, and christened Tacoma.

The road by this time had come to include, by purchase, lease and running agreements, much more than the trunk line. Mr. Cooke's plans for this northern highway to the Pacific contemplated the complete serving of the territory south to a line at which its interests conflicted with the Union and Central Pacific roads, and north to and into British territory, except as he should meet the rival claims of the Canadian Pacific, rumors of which already filled the air. He began by making himself a master of the railway situation in Minnesota, which not only involved much lobbying at Washington, but a tolerably firm political grasp of the state governments of Minnesota and Wisconsin. The St. Paul and Minneapolis factions in Minnesota were well in hand and although his policies, which were be-

lieved to be antagonistic to Wisconsin, since he favored Duluth at the expense of the older town of Superior and the Lake Superior and Mississippi Railroad rather than the proposed St. Croix line, (projected to parallel it from Hudson to Bayfield), were the subject of protests from the governors of that state, Lucius Fairchild and later C. C. Washburn, his course was shrewd and conciliatory and much of the time it was not known whether he personally favored or opposed these rival enterprises. In Montana he had Governor Potts and in Washington Territory Delegate Garfielde almost as securely as though they daily served him under his eyes in the banking house in Third Street, whence everything had its source.

Mr. Cooke began with the St. Paul and Pacific. This was his first merger. The road was completed eighty miles north from St. Paul to St. Cloud, following the Mississippi valley, and it was to be extended to Brainerd, there joining the Northern Pacific. A western line was projected to Breckinridge on the Red River, well south of the Northern Pacific, and the St. Vincent Extension was in prospect, to cross the Northern Pacific at Glyndon, thence running down the Red River valley to Pembina near the northwestern corner of Minnesota, whereby direct communication would be opened with the British settlements of Winnipeg and the valley of the Saskatchewan. The road was in the hands of an active promoter, George L. Becker, who had headed it for the Pacific over Canadian territory. His land grants overlapped those of the Northern Pacific and Mr. Cooke and the Northern Pacific managers took an early opportunity to arrange for the incorporation of

the road in their railway system, making an actual outlay upon it of more than one million dollars. The line to Brainerd would facilitate the work of construction on the Northern Pacific trunk line west of that point, giving more direct communication with St. Paul, and the prospect of securing a spur to serve the Red River valley, and to penetrate Manitoba, was particularly pleasing to a man of Mr. Cooke's broad outlook. There he saw commerce and civilization. Now communication with Canada was by steamer on the Red River from Moorhead and Fargo. At those places the traveller on the line met the Selkirkians. Their wicker basket-carts with wooden wheels without tires which were drawn by bulls, oxen and sometimes cows were assembled in encampments—a picturesque spectacle. French hunters and trappers also came to the railroad, all indicative of the commerce which lay beyond. The Northern Pacific Company had carried to the river over five million pounds of freight destined for Fort Garry in Manitoba during six months in 1872. The Hudson Bay Company was securing wharves at Duluth preparatory to a much larger trade by this route and the future in that direction for Jay Cooke was full of the possibilities which have since been more than realized.

The Northern Pacific Company placed the St. Paul and Pacific in charge of a committee of which William G. Moorhead was the chairman and he accepted the duties of his post with an enthusiasm somewhat unusual to his nature. The Dutch had been induced to take a financial interest in the road, the bonds being put upon the market considerably below par. Thus while North-

ern Pacific seven-thirties were selling at 100, the bonds of a constituent company were offered at a material discount, a spectacle not calculated to forward the larger negotiation concurrently attempted in Europe. The fate of the St. Paul and Pacific depended upon the loyalty of several bankers in Amsterdam and an issue of $15,000,000 of its securities was determined upon. Mr. Moorhead said they would "go off like hot cakes." [1] He visited St. Paul with the new Mrs. Moorhead where they received many attentions. "All the citizens of any note have called with their wives and daughters," he wrote to Mr. Cooke from that city on June 12, 1871, "and we are invited to dine and at evenings constantly."

"I never saw a more beautiful country or one which promises better results for a railroad," he continued. And again he thought it "as fine a country as can be found in any part of this world." [2]

It was not long, however, before the supply of funds in Holland failed and with all Mr. Moorhead could do, personally and through agents, the work of construction, after about 400 miles of road were completed must stop, to the infinite embarrassment of the trunk line of which it was designed to be so useful a part.

The Northern Pacific also had the opportunity to take possession of the St. Paul and Sioux City Railroad which was completed in 1869 to Mankato, eighty-four miles from St. Paul. "I believe within five years," wrote Mr. Moorhead on September 3, 1870, "that with good management the Sioux City road will be a good paying road to the stockholders and that with the sale

[1] Moorhead to J. C., April 11, 1871.
[2] To J. C., June 22, 1871.

of its lands it will provide for the bonds from the start. The only question is, can we raise the money without advancing ourselves to any considerable extent? Our Lake Superior and Mississippi road requires just such a connection to make it valuable."

The parties in interest, however, proposed "onerous terms" and Mr. Cooke failed to see the importance of the line, as it paralleled the Northern Pacific which would receive the Missouri River trade at another point. The result was that the managers of the Sioux City company felt much displeasure, especially after Jay Cooke and his associates built branches to Minneapolis and Stillwater. They, therefore, threw their influence in favor of the St. Croix road in Wisconsin as a means of reaching Lake Superior and Mr. Cooke and the Northern Pacific managers were face to face with the most determined struggle which had yet been made to renew the grant, already the subject of so much spirited lobbying at Washington. No road of its length ever excited such prolonged debates in Congress. Mr. Cooke had been in negotiation for the purchase of the St. Croix interests. These were largely held by several men who were closely identified with the Northern Pacific for which reason there was much hysterical fear that the officers of that company meditated movements likely to nip in the bud the hopes of Duluth and its rail line to St. Paul. For the moment even he was distrusted, a view that found some support in his course at Washington in the session of 1870-71. It was unpleasant as well as disadvantageous to conduct a contest of this character and there was every reason to believe that it was to be revived in the session beginning

in December, 1871. The movement was better organized than ever before and as a compromise Mr. Cooke proposed a change of route by way of the Chippewa Valley. In explaining his attitude he wrote to Governor Fairchild on December 20, 1871, as follows:

Dear Governor:

Yours of the 16th received. If you had invested some millions for yourself and others in good faith in a railroad enterprise you would not, I think, willingly see a foolish project prevail for building a road almost alongside your own road, and especially if in the hands of enemies who would ruin your own property by injurious and unmodified competition. To avoid such an injury to both roads was our object in controlling both so that they might be friends, especially that such modifications of the route should be adopted as would render them less antagonistic to each other and at the same time develop a broader extent of territory. I think that if your people will cordially join in the Chippewa plan you would receive the cordial aid of all, with the probable exception of the parties at St. Paul. What is your opinion in regard to the adoption by your legislature of the Chippewa Valley scheme provided that we consent to that change in the bill as presented to the last Congress, etc., etc.

The Governor of Wisconsin did not receive Mr. Cooke's suggestion with favor and the lines were very closely drawn at Washington. It seems that Ezra Cornell had endowed his university at Ithaca, N. Y., with lands in the St. Croix Valley and he now visited Washington, using every influence in behalf of the renewal of the grant. Bayard Taylor, who had been appointed a lecturer in literature at the university, was sent to Washington to influence the votes of some Pennsylvania congressmen. The Minnesota, as well as the Wisconsin delegations, seemed to be almost solidly in favor of the bill, and the combination was so strong that Henry Cooke

despaired of defeating it. The opposition, however, was so well conducted by Henry Cooke and Uriah H. Painter that the combination was broken up, and at length the St. Croix men were again overwhelmingly beaten, being ready to make almost any terms which the Northern Pacific managers would suggest. William G. Moorhead thought that the result was worth more than a half million dollars to Jay Cooke and Company and E. W. Clark and Company.[1] Only increasing financial stringency prevented Mr. Cooke and General Cass from taking steps which would have brought one or more of the Wisconsin lines into the Northern Pacific system.

The Lake Superior and Mississippi which virtually was a part of the system from the beginning, because of Jay Cooke's close connection with it, fell into the difficulties which at this period beset all the western railroads, and a working agreement was proposed by the officers of that road. Banning had retired as president in favor of Frank H. Clark, another son of Jay Cooke's old patron, Enoch W. Clark, and although still free of the dreaded competition of the St. Croix line, it was far from profitable. As early as in October, 1871, Clark wrote to Mr. Cooke to say that "unless you will take hold and carry the road along it must fail." In 1872, therefore, it was leased to the Northern Pacific, though not without protest from some of the stockholders, as for instance, the irreconcilable William Thaw of Pittsburg. He wrote:

> In the absence of specific information as to the terms and scope of the contract of lease and, with my general knowledge of the unsuccess of the property proposed to be leased, I beg

[1] To J. C., March 1, 1872.

to be excused for opposing the lease in this only way open to me. . . . I criticize this thing simply as a matter of business judgment and by no manner of means would imply any doubt of the rectitude of the motives which govern you. I know somewhat of the complications and difficulties which have to be overcome in your work and would not add a straw to their weight. Only be tolerant of a little respectful opposition.[1]

The road became the Lake Superior and Mississippi Division of the Northern Pacific Railroad, and now fully shared the fate of the system of which it was a part.

The Oregon Steam Navigation Company had done an important transportation business on the Columbia and the Willamette rivers, assisting in a marked way to further the development of the Pacific Northwest before the advent of the railway, and the value of its service, though diminished, was still very considerable. It had about twenty boats of different sizes, wharves and warehouses and two strips of portage railroad for carrying its freights and passengers around the rapids and other unnavigable parts of the stream. At certain seasons of the year the boats went up to Montana and one parted the waters of Lake Pend d' Oreille. A group of officers of the company, with Captain J. C. Ainsworth at their head, came to New York in the spring of 1872 and offered to sell their line to the Northern Pacific Railroad, presuming that it would have great value to that corporation. At first they asked $2,500,000, but later fell to $2,000,000. They would part with a three-quarters interest for $1,500,000, of which $750,000 might be paid in Northern Pacific bonds, $250,000 in earnings on the three-fourths share, while the remaining

[1] Thaw to J. C., April 23, 1872.

$500,000 involved cash transfers.[1] Jay Cooke went to New York to meet the men and the deal was closed. He made sure that the company had a property that would be of value to the railroad, and he also thought it a tactical advantage to have a group of capitalists on the Pacific coast who would be closely allied to the enterprise. Mr. Cooke addressed them as "our Western associates." Captain Ainsworth was elected to the Board of Directors of the Northern Pacific Company in 1873, and while adding his testimony to that which had previously been given as to the difficulty of satisfying Pacific coast capitalists with a seven per cent. investment, he mentioned the road favorably to A. Hayward, who was getting a million a month from his silver mine in Nevada, J. P. Jones, a partner in these profits, soon to be elected a United States senator, and to many others possessed of the means if they did not have the will to aid the enterprise.

The announcement that Canada would build a line to the Pacific coast seemed to bode little good for the Northern Pacific, especially in England, where it would be an overwhelming rival in the quest for capital. The British people would very naturally bestow such favors as they had for Pacific railroads upon that one which would run through their own territory. Mr. Cooke used his best efforts to make a virtue of the appearance in the field of this unpleasant competitor. In the first place it was a telling rebuke to that numerous body of people who declared that his route was too far north—who said that the road, if it were built, could not be operated in winter because of the ice and snow. The answer was

[1] Holmes to J. C., March 30, 1871.

now at hand—that Canada had projected a line several hundred miles nearer the North Pole. Mr. Cooke had even effected an agreement with the Canadian Pacific managers early in 1872 to take fifty-five per cent. of that enterprise for himself, Ogden, Cass, Winslow. Lanier and Company, and the directors of the Northern Pacific railroad. The plan was one of almost sublime proportions for the time in which it was formulated. The roads building from Toronto and Montreal were to join at Lake Nipissing whence the traffic would at first flow through the Great Lakes to Duluth, and later over a rail line to Sault Ste. Marie and then through United States territory on the southern shore of Lake Superior to be constructed by General Schenck and General Max Woodhull. From Duluth onward freights and passengers would, of course, pass over the new Northern Pacific road to the Red River, thence by the St. Paul and Pacific to Pembina and Fort Garry, with lines in the future west to British Columbia, and ramifying into various portions of British America.[1] The Canadian government refused to subscribe to the plan, and Sir Hugh Allan, the Atlantic steamship owner, made himself the controlling spirit in the enterprise, going to England to seek the capital for a great independent line.

At length Mr. Cooke sent a commissioner, Lycurgus Edgerton, to Canada. Edgerton had been a broker in New York where he failed. He had drifted to Europe and came to Jay Cooke with a letter from Hugh McCulloch of the London house. He volunteered a trip to Ottawa with the purpose of making a report upon the status of the Canadian Pacific enterprise. While he

[1] J. C. to Fahn., January 16th and to McCulloch, February 6, 1872.

could act only unofficially, he found Sir Hugh in a mellow mood. "Allan wished," said Edgerton, "a perfect *entente cordiale* from the outset." He promised to put steam propellers upon Lake Superior and would convey material and supplies to be used in the construction of his road to Duluth, then carrying them by way of the Northern Pacific line to Pembina, where he would meet a spur of his Canadian system.

Mr. Cooke had sold a block of the bonds of the Iowa Central Railway, which, but for a short space not yet covered with track, offered a connecting link in a line almost due south from Duluth to St. Louis. This road was being managed by C. C. Gilman, who offered it for lease or sale, and it nearly went to foreclosure. It "would certainly have gone on the rocks," Gilman wrote to Jay Cooke on January 16, 1873, but for the Philadelphia banker's aid. The line connected with the North Missouri, an enterprise with which Jay Cooke's name had been earlier identified, and it was his aim to give all possible protection to those roads with which he had ever had to do, in the interest of those who may have invested in them upon the faith felt in his recommendations. He also thought that the connection would prove valuable to the Northern Pacific, as it would undoubtedly have done under more favorable circumstances. Gilman was displaced by the Abbott party in April, 1873, and Isaac M. Cate was elected to the presidency, Mr. Cooke attending to the purchase of locomotives for it, and serving it as well as the times would allow.

Thus in all possible ways did he regard the present and looked to the future interests of the Northern Pacific

Railroad. His mind prophetically grasped the whole problem of transportation in this wide belt of territory. His plans were such that the road would have found all its wants anticipated even unto this day, and the firm entrenchment of the system, to him as a vision in the wilderness, would have carried its own vindication to coming generations, for which he labored, and by which his name and services in the hurry of the times may be forgot.

In 1872, as in 1868, Jay Cooke was a financial bulwark of the Grant managers. William Claflin, the former chairman of the Republican National Committee, retired in favor of Governor E. D. Morgan of New York, while now, as in the former year, the offerings were taken up by William E. Chandler of New Hamshire, who continued to be its secretary. Once again the first call came from New Hampshire, where $5,000 went in February as the result of a dinner in Washington with Secretary of the Navy Robeson, Secretary of the Interior Delano, William E. Chandler and other politicians. This was followed by a further demand for $5,000 to "save" the little White Mountain State, a performance which led Mr. Cooke to dub Chandler "Oliver Twist," and that man was so much pleased with the cognomen that he showed the letter to Delano, who "took it to cabinet meeting where it was considered after the Alabama case was disposed of." [1] While these early payments were to be credited on Jay Cooke's account in the ensuing presidential election, they did not materially diminish the urgency of the later calls upon him. When Horace Greeley was nominated against General Grant

[1] Chandler to Delano, February 28, 1872.

the issue was joined in the nation at large. In Pennsylvania General John F. Hartranft, Republican, was opposed by Charles R. Buckalew, the Democratic candidate for governor, and the state was still a ground upon which the battle raged doubtfully. Henry H. Bingham was the treasurer of the state committee, which meant that much was to be done and suffered by Mr. Cooke. In Philadelphia and its neighborhood the great financier was the purser of his party, and he visited and wrote to the well disposed rich, seeking contributions for Grant and Hartranft with all the earnestness of his nature.

There was some fear of the result, as there always is in a presidential election in this country, no matter how one-sided the contest, either because of the manner in which it is conducted or the proneness of the American people to excite themselves at such times until they take fright at shadows. Mr. Cooke's assurance was not increased by much that was brought under his notice, and he labored unremittingly in his own field—that of finance—to make his friend Grant's re-election doubly certain. Whitelaw Reid wrote to him from the *Tribune* office on June 18, 1872, setting him right in regard to the provisions of the Greeley platform, relating to land grants for railroads. He said:

> In a nutshell they have said nothing whatever calculated to interfere with the franchise of the Northern Pacific, or public confidence in it. They simply protest against the further grants of land for such purposes and pledge themselves to oppose them. For this it seems to me you ought to be greatly obliged since it prevents your lands from being cheapened in the market by undue competition. . . . I am sorry that you and your house are counted on the wrong side in the presidential contest for many reasons, not the least of which is that you are on the

losing side. I told you in Philadelphia that we should nominate Greeley in Cincinnati, and that the Democrats would ratify the nomination. You have seen the first prediction fulfilled, and if you have read the despatches of the last few days, can have no doubt about the other. I have greater confidence in the election in November than I had in either of these events, and better grounds for that confidence. I wish you and Governor Harry hadn't contrived to get committed so deeply.

As usual, Mr. Cooke contributed various sums in various ways to assist his friends among the congressmen who had difficult battles in their districts. He authorized Delegate Garfielde in Washington Territory to draw for $500, if it were needed, which it proved to be, since "enemies" whom he said he had made in his advocacy of the Northern Pacific Railroad swarmed thickly about him. The offer led to his "grateful acknowledgments and devout prayers for long life and continued prosperity."[1] Blaine in Washington was pressing another demand upon Henry D. Cooke, who wrote to his brother:

Blaine is so persistent in this matter that I feel it is important that he should be conciliated. We are not yet through all our fights in Congress. We have interests ramifying in many directions and hosts of enemies to hit us a blow whenever opportunity offers. He is a formidable power for good or evil, and he has a wide future before him. However unreasonable in his demands he may appear to you to be, my conviction is irresistible that he should in some manner be appeased. I urge you to consider this view of the case and act upon it with your usual discretion.[2]

A critical point in the Grant campaign was reached in September, when the bottom again fell out of prices in

[1] Garfielde to J. C., April 30, 1872.
[2] H. D. C. to J. C., February 3, 1872.

MANSION AT PINE GROVE, PA.

Wall Street, and the financial situation which for long had been so unwholesome, and would not and could not be improved until the country returned to some rational monetary standard, threatened the total defeat of Republican hopes. The entire strength of the administration, supported by Jay Cooke, was exerted to stem the current which might lead to ruin. Henry Cooke wrote to his brother on September 17, 1872:

> I have talked with Judge Richardson as to the vital importance of keeping the money market easy until after the election. Any serious disturbance might prove fatal to Grant's success. I got Garland to write me a strong letter, giving me the position of things in Wall Street, which I sent to Porter at Long Branch, together with my comments. The President is fully impressed with the importance of this point, and I want you to talk to Richardson and get him committed to the policy. He has a reserve of about forty-five millions currency which he can use in an emergency. Of course it will be necessary for him to use only a small part and possibly none of it. If he will buy bonds liberally in excess of his sales of gold I think he can accomplish the object.

Garland telegraphed from New York to Jay Cooke over the firm's private wires the next day: "If Secretary does not order purchase of at least three million of bonds we will have repetition of Black Friday. The general aspect is very blue. We are on the eve of panic, and the government must act promptly, and to-day, or they will have a stronger enemy to fight than Greeley."

To this Jay Cooke replied: "Richardson has just telegraphed to accept three millions. Confidential. Don't let anyone know this." And again he enjoined the young partner in New York: "On no account whisper what I have sent you."

The market responded immediately. During the morning money was loaned at twelve per cent. per month and it was "the wildest day" the Exchange had witnessed since the crash which followed the Chicago fire. "But at ten minutes past one o'clock came the news that the Treasury, instead of buying one million of five-twenties, as per its monthly schedule, had purchased three millions. . . . The bears in their turn looked aghast; the flank movement from Washington was not expected. . . . The market recovered itself like a flash of lightning." [1]

Governor Morgan wrote Jay Cooke after the battle had been won in Pennsylvania that the national committee had sent $75,000 to Pennsylvania,[2] and the demand now was for money for use in New York to finish the campaign there in the best style. Tom Murphy told Fahnestock that the national managers had totally exhausted their resources in carrying Pennsylvania, and $25,000 must be had at once. Morton and Clews would do no more; little comfort came from Drexel and Childs, and the committee expected $5,000 from Jay Cooke and Company's New York house.[3] Fahnestock said that the firm had already "contributed enormously," but there was no escape. "The question of the $5,000 contribution," he wrote to Jay Cooke on November 2d, "was settled by Harry, Pitt and myself, when, after talking it over in committee meeting, it had been decided that we must be assessed to that extent, and Governor Morgan came with Tom Murphy to urge it upon us. There did not seem to be any way to get out of it."

[1] Philadelphia *Inquirer,* September 19, 1872.
[2] October 30, 1872.
[3] Fahn. to J. C., October 25, 1872.

Jay Cooke said there was. "I think there was no necessity whatever in paying $5,000 to that committee," he wrote Fahnestock. "They ought to be whipped for asking it." He gave an itemized list of his firm's subscriptions to the campaign fund of the Republican party, which totalled more than $30,000, without counting the sum donated to the New Hampshire managers early in the year, and $10,000 promised to Secretary Robeson for New Jersey. Of this obligation he wrote:

> Some time ago Mr. R. spoke to me about the New Jersey campaign, and I promised him in the matter of the New York and London joint account [navy account] for New Jersey $10,000. If New Jersey went Democratic R's influence would be at an end and some new person would come into the navy. Of course this would probably result in a change of the account.[1]

Uncertainty as to the result prevailed up to the last. On November 5, election day, Henry Cooke wrote:

> I saw the President this morning and had a very pleasant interview with him. He was not half as nervous as I. I never saw so imperturbable a man.

The next day the tension had ended, and Henry Cooke continuing his correspondence with his brother said:

> We are all happy to-day celebrating the glorious victory of yesterday, which is without precedent since the days of Monroe. I was at the President's last night (by invitation), to be present at the reception of the news as it came in. Left the White House between one and two o'clock this a. m. We had to walk home, there being no horses fit for service. To-day there is scarcely a horse in the streets, and business is virtually suspended.

An epidemic horse disease which for lack of a better name was called hippmania, epizooty, epihippic, etc., at

[1] Fahn. to J. C., October 25, 1872.

this time entirely disabled the equine species in Washington, as in most other American cities, and successful and jubilant politicians coming from the White House, as well as other folk, had to forego the luxury of carriages, stages and street cars for many days, the streets being silent except for the patter of human feet.

Jay Cooke's life was now running at full tide. "Ogontz" was the show place of the country. Its owner's invitations to enjoy its hospitalities were as warm as his nature, and they were frequently repeated to all his friends. Its walls harbored the most notable men of the land in politics and finance, and they came and went as at some great hostelry.

Mr. Cooke's partner, Mr. Moorhead, had also built a handsome mansion in West Philadelphia which was filled with works of art and thrown open to the public one day in the week, so that he, too, was named as one of the wealthy men of America.

The war financier was still addressed by those who were in any kind of need, and he was besought to take a part in all enterprises which subsist by the public spirit of the opulent. He was invited to the first meetings called to prepare the way for the Centennial Exhibition of 1876, and his firm was asked to serve as its general subscription and fiscal agent for the United States. His name was constantly in the newspapers, the subject of praise or blame, or perhaps of mere idle gossip. A London journal gravely stated that he had just paid £800 for the filling of five teeth.[1] "The newspaper extract is a foolish one," he responded to this English sally. "I have no teeth but sound ones, and am able to crack

[1] Frank Evans to J. C., November 4, 1871.

hickory nuts with any one. I never paid over $3 to $5 for filling a tooth."

When there were not accounts in the eager press of the works of art he had purchased or of his rare skill as a fisherman, he was buying lands here and there to convert them into parks for the preservation and propagation of American game or for other grand purposes. In short, his hand was everywhere seen, and the writers of despatches and articles for the papers found in him, as they still to-day find in those about whom everyone knows, a rich opportunity for the play of their imaginations.

The bungling policy of Secretary Boutwell in connection with the funding of the six per cent. debt was continued in 1873, after an interruption of nearly two years. The financial acumen of this officer which in his book of "Reminiscences" we are bidden to recognize was again exhibited in this transaction. It will be remembered that when Jay Cooke's syndicate so successfully closed the issue of $200,000,000 of five per cents. the methods pursued were so notably successful that a proposal came from the Rothschilds to continue the operation on joint account. There seems to have been no valid or statesmanlike reason why the Department should not have accepted the offer at once. The market was made for the United States government fives, the temper of bankers and people both in America and Europe favored still larger conversions, legal authority was not wanting, and nothing interposed but a Congressional investigation, a presidential election and the timidity of Boutwell and Grant. Indeed Mr. Boutwell, through the New York *Herald,* seemed to deny that any such offer

had come to him from the Cookes and Rothschilds, which led Mr. Cooke in self-defense to publish "a card," explaining all the circumstances. He assured the public that the proposal was made in "good faith," and that he and his European associates were ready promptly to carry on the operation. "The whole 600 millions in my opinion," he concluded, "can be funded into 4½ and 5 per cents. during the present year, which, together with what has already been accomplished, will save nearly ten millions of dollars per annum to the Treasury." [1]

A resolution in which it was charged that Secretary Boutwell had increased the debt by his funding operations, and that he had expended upon the negotiation more than the one-half per cent. allowed him for this purpose, thus doubly violating the law, was introduced in the House of Representatives by "Sunset" Cox at the opening of the session on December 4, 1871,[2] and he followed it with a bill to prohibit all commissions to agents on future bond sales. The resolution was referred to the Committee on Ways and Means. It was a direct attack upon Jay Cooke and Company. Of course the syndicate must have made a vast sum of money, computed by speakers in the House to be in excess of $3,000,000, and as was often the case during the war, the important end to be gained was entirely subordinated for the time being to the desire to save the payment of a suitable commission for the service. Boutwell, Jay Cooke and others were brought before the committee, and there was much asking of questions and giving of testimony. Chairman Dawes, after making a full re-

[1] Philadelphia *Inquirer*, January 18, 1872.
[2] *Globe*, p. 12.

port to the House, offered the following resolution in behalf of his committee: "Resolved, That, in the opinion of the House, the Secretary of the Treasury in negotiating the loan authorized by the act of July 14, 1870, has neither increased the bonded debt, nor incurred an expenditure contrary to law." The House, on February 1, 1872, by a vote of 110 to 86, sustained the action of Mr. Boutwell[1] to the unconcealed exasperation of Cooke's enemies who hoped at last to discredit the popular and always successful agents of the government.

In April, when the excitement had somewhat subsided, Cookes, in conjunction with the Rothschilds, renewed their proposals to Secretary Boutwell for a resumption of operations, and a decision was expected daily and weekly until July, when it became clear that the administration feared the issue, and would let the government pay six per cent. on its debt indefinitely rather than endanger Grant's chances for a second term. On July 24th Henry D. Cooke saw the President and he said that he would be in favor of going on, "if North Carolina comes out all right."[2] The Republicans carried North Carolina, but Grant was still not ready. On August 16th Henry Cooke telegraphed his brother that all funding business would be postponed until after November. The President said the work would then proceed "unless Greeley should be elected, in which event Mr. Greeley would have to take the job off his hands."[3]

After Grant's sweeping triumph the machinery was actually put in motion, but Boutwell, instead of going

[1] *Globe*, p. 777.
[2] H. D. C. to J. C., July 24, 1872.
[3] H. D. C. to J. C., August 18, 1872.

forward as he had the undoubted power to do, took the precaution of visiting and conferring with the Ways and Means Committee. He explained to them what he had it in his mind to do,[1] and so much publicity was given to the contemplated movement, and it seemed to be a matter for the decision of so many men that various bankers went to Washington to guide the business into their respective counting rooms. Levi P. Morton, who had before made a fiasco of the business, was again at the national capital. "Judge Richardson advised him," Henry Cooke wrote to his brother on January 10, 1873, "that the best thing to do was to return to New York and put himself in communication with Fahnestock and yourself." Belmont was also believed to be engaged in the hunt, although "Baron Rothschild distinctly stated" to Fahnestock while he was in London, that they would not know their American representative in this transaction since, by reason of his "political status, he would hinder rather than help the business." [2]

But the most active rivals of the Cookes were "young Morgan and Morton." This party, with Morton at its head, included his own American and English firms—Morton, Bliss and Company and Morton, Rose and Company—Morgan's New York and London firms and the Barings. A decision was momentarily expected as the month of January advanced. Jay Cooke went to Washington in person and visited the Treasury Department and the White House. Senator Cattell was again very active in the Cooke interests. On January 17th he attended Senator Frelinghuysen's "party," of which he

[1] Philadelphia *Inquirer*, December 25, 1872.
[2] Fahn. to J. C., January 10, 1873.

wrote to Mr. Cooke the next day: "I doubt if the enemy got much chance at the President last night. I was in one of Frelinghuysen's third-story rooms smoking segars with him till nearly one o'clock a. m." Henry Cooke had put a word in the Presidential ear earlier in the evening and Grant was diligently pursued the next day. They now obtained fresh cablegrams from the Rothschilds reiterating a desire to co-operate and the contest seemed to be nearing an end. Senator Cattell wrote to Jay Cooke, from Washington, on January 20th as follows:

I beg to say that I consider the matter now as substantially settled, and I hope and believe that before Wednesday night the names will be affixed to the document. You never did a wiser thing than getting the telegram from Rothschilds, a copy of which you sent here and which has been used with effect to-day. I have had a good talk with Dawes [Chairman of the Ways and Means Committee], who says it would be an outrage to give the thing to anyone but yourselves. He has told Boutwell that every Republican member of the Committee is satisfied, and that he will have the moral support of all of them in carrying out his proposition to fund the remaining 300 million on the same terms and in the same manner as before. He says the Committee will not perhaps address any communication to the Secretary officially and that he ought not to ask it, because he came to the Committee to say that he proposed going on with the funding on the old plan, unless they had a better one to suggest, and they say in substance after a full consideration that they have no other plan. . . . Our friend Robeson came to see me soon after you left and got his blood up. He went directly to Boutwell and told him it would be an unpardonable outrage and a grievous blunder to do this work through any party but yourselves and that he must take that ground with the President, if it became necessary. I enclose you the full report of Morton's testimony before the Committee, fearing you may not have seen it. Upon his own showing you fully succeeded in doing a thing which his

house and those who propose to join him now thought could not be done, that he was offered and declined taking a part in the then untried experiment. Now confessing that it was a success and that in his opinion no better plan could be devised, he modestly asks that the brave men who, with more courage than he had, took hold and put through the plan should be shoved aside, and these doubters be installed in the advanced position secured by your enterprise and energy. *That thing can't be done and shall not be done.*

Indeed there was every prospect that the contract would be made with Cookes and Rothschilds, but for only $100,000,000, Boutwell making the excuse that he was about to leave his post, and he was not willing to bind his successor to a course which that officer might not approve. He had just been elected a United States Senator from Massachusetts to succeed Henry Wilson who had been advanced to the Vice-Presidency, and the programme which Mr. Cooke did much to forward included the promotion of Richardson from the assistant's desk to the secretaryship.[1]

At the very moment, however, when the contract for

[1] On January 11, 1873, Jay Cooke in a letter to his brother Henry gave expression to a fear that the plan would miscarry. He had been told that Joseph Patterson of the Western National Bank of Philadelphia had been making himself prominent in the hearings before the Committee on Ways and Means. He wrote: "From the way things look they (Drexel, Childs, George H. Stuart, etc.) may have concluded to put this *astute* financier in the Treasury. Of course you know how to handle this thing, but it is worth full inquiry and probing. If necessary to defeat such a thing we will have to bring everything to bear upon General G. It would be a cruel outrage upon us to permit such a party to get into the Treasury, but it is dangerous unless they are watched. These parties have recently been engaged in trying to break up our credit — I refer to the Childs party — and if they had their own way they would smash us, the Northern Pacific and all, to flinders. General Grant will certainly not thus reward our enemies and punish us who have done more than all the rest of the country put together."

one-third of the total amount seemed to be in Jay Cooke's hands the situation changed and Boutwell asked him if he would join Morton, Morgan and their party. As a compensation for this division of favors he would give them the whole $300,000,000. George W. Childs was "a self-invited guest" of President Grant, having shrewdly made this the time of his coming in order to use all his very unfriendly offices to defeat Mr. Cooke's plans and through this and other influences the feat was accomplished pretty effectually.[1] There was much cabling and telegraphing in these days between Jay Cooke and his partners. The following came to him from New York on January 22d: "Do you feel able for the undertaking to go to Washington to-night? It's a big fight and the general should be in command to-morrow. All the rest are to be there." To this Jay Cooke replied: "No, I should get into a fight. Can keep cooler here. A good general should keep out of harm's way."

Indeed it seems that there were three propositions, another having been made to the Secretary by General Butler, who, presumably, represented a group of German bankers, and he was "disposed to fight," if he were not used as politely as the rest, which meant that he would antagonize Boutwell's candidacy for the senatorship in Massachusetts;[2] but without too much ado he was defi-

[1] "I should not hesitate to get the strongest kind of influences after those parties who are sleeping with the President. . . . I think it very likely that Childs's visit stirred up the President again. . . . Is it possible that this party is listened to by such a man as President Grant?"—J. C. to H. D. C., January 22, 1873.

[2] "It is the strangest compound fight I ever heard of, and all owing to bad faith and weak knees of Secretary B. and the hatred of Mac indulged in by G. fanned by the parties who seek to supplant J. C. and Co."—J. C. to H. D. C., January 23, 1873.

nitely eliminated and Jay Cooke was put in such a position that he could not refuse to join the Morton group, and he did so promptly and enthusiastically, promising the fullest co-operation of his houses in making the loan a success. Thus the $300,000,000 were divided equally between Jay Cooke (representing his own American houses and Jay Cooke, McCulloch and Company and N. M. Rothschild and Sons of London) and Morton, Bliss and Company and Drexel, Morgan and Company (representing themselves and Baring Brothers and Company, J. S. Morgan and Company and Morton, Rose and Company of London).

Seligman and Company afterward tried to enter the combination, Morgan and Morton advising their recognition, but the Secretary peremptorily refused to reopen the contract. Under these auspices the task was to be performed and the "distinguished associates" began to put up the price of fives so that they stood at a premium over gold and warmed up the newspaper men for a campaign which was regarded with great confidence. All hands expected a subscription of $600,000,000 or $800,000,000. It was thought that Jay Cooke and Company, being the seniors in this business, might be given the precedence in the syndicate, but they were not officially assigned to that place, and beyond the first mention on the list of names in the circulars, they were shown no preferences. Jay Cooke was not upon the scene in person, and Fahnestock, Morgan and Morton managed the affair jointly in New York, while the responsibility for the result abroad was quite as much divided. The books were opened simultaneously in Europe and America on February 4th, and

it was announced that they would close on the 7th. The period, which Jay Cooke said was too short, was fixed in London.[1] The first news from that city where the earlier operation had such a triumphant opening presaged the failure to which the negotiation was doomed from the first. Puleston telegraphed on February 4th: "Fear failure. Very few subscriptions from brokers. Nothing from the Continent. Management harmonious, but large combinations are seldom successful."

The results in this country were little more encouraging. On the same day Fahnestock wrote to Jay Cooke: "Confidentially and not to be smiled at. Subscription through Drexel, Morgan and Company $30,500, of which $30,000 comes from Wilmington, Del." Nine-tenths of all the subscriptions which were taken in America came through Jay Cooke and Company,[2] and the total from all sources in this country on February 16th, was only 13½ millions, while but a few millions were subscribed in Europe. Raphael and other bankers and brokers in London who had served Jay Cooke, McCulloch and Company so loyally in 1871, now being ignored, antagonized the operation. The members of the former English syndicate were dealers in American bonds; the firms which entered the new combination had had no previous connection with the sale of United States government securities.

The greatest bankers in the world were frightened. They urged the New York managers of the syndicate to see the Secretary at once and have him "call" for $50,-

[1] J. C. to H. D. C., January 3, 1873.
[2] Garland to J. C., February 5, 1873.

000,000 instead of $100,000,000, as had been propos since the larger amount could not be sold. Secret Boutwell promised $10,000,000 from his fund to expe the operation, but by reason of the scarcity of gol the Treasury he would not exceed this limit. The E lish houses would assume no pecuniary responsibilit incur no risks. Jay Cooke's assistants now spoke w sarcasm of the "distinguished associates." They w "old ganders," and "weak-kneed big Injuns," and w dubbed other names their course seemed to make undeserved. Fahnestock believed that if $100,000, were called on the 5th or 6th of February the subsc tion would close "with a rush," and he asked Cooke's opinion on the subject.

The great Philadelphia financier, with as much gr deur as he had ever shown since the dawn of his pow in the presence of the Rothschilds, the Barings, the M gans and the leading bankers of the world, promptly t graphed in reply:

Call of 100 Choctaws should be made within next hou telegraph from Washington. We will cheerfully take our s of the risk, or if the others decline, let them resign the syndi and we will do it alone. It must be done at once, and the no risk whatever. Act in ten minutes if you can get partie assume for London.

He added in another despatch:

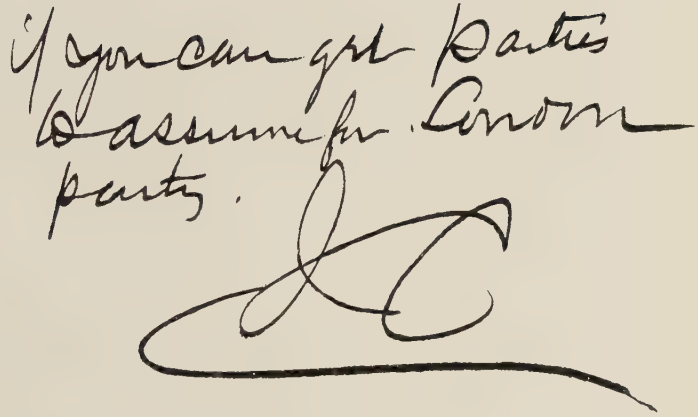
Be sure and have Harry fully posted and control the A ciated Press and correspondents' despatches, and if Boutwell add to his call something about further calls it will be glor You will see the fur fly to-morrow, if your London folks right.

The same day Mr. Cooke wrote to Fahnestock:

H. C. F.

Call of one
hundred chrotans should
be made within next
hour by telegram washing
to the whole country & Europe
notified by tel
we will cheerfully take
our share of the risk or
if the others decline let
them resign the Syndicate
and we will do it alone
It must be done at
once & there is no risk
whatever act in ten minutes

JAY COOKE'S TELEGRAM IN CONNECTION


if you can get parties
to assume for Conroy
party.

I wish this whole party would back out and let us have the thing to ourselves. We could soon restore confidence. They owe it to themselves to risk something under the circumstances. I never did like the idea of throwing overboard our old agents, and our banks here, and our confréres in London. It is too cold-blooded for my disposition. But as it is done we must make the best of it.

But Morton and Morgan did not "back out." Boutwell assented to a call for $100,000,000 in the presence of Senator Cattell, but he dawdled until the 6th was done, and then did not publish the numbers of the bonds so that the good effect which his action would have had was largely dissipated. Only one day remained before the books would close. The associates, especially in London, were without efficiency in manipulating the markets and distributing the bonds. Rothschilds were held to the arrangement only with difficulty, for they said that their assent to the call for the larger amount was an unwarranted assumption on the part of their fellow members of the syndicate, and Barings threatened the same course. Moreover it was discovered that the English associates had so arranged it that their subscriptions were not payable until June 1st, and as the law required three months' notice the Secretary on the 7th revoked his action of the night before, making a promise to renew it on March 1st. Morton, Morgan and Judge Richardson were as unpleasantly impressed by such behavior as was Mr. Cooke himself, but there was nothing for them except to conclude the business as best they could.

In explanation of the fizzle Mr. Puleston, on February 6th, wrote to Fahnestock from the London house as follows:

The most perfect harmony has prevailed throughout, but it was and always will be, most difficult to carry out successfully a great operation where so many are directly concerned. I think each house feels this now fully. I confess that personally I was very sanguine and believed 150 millions would be covered, but I saw on Saturday, and more clearly on Monday, in advance of opening, that the operation would fail. The excitement died out before we were ready to strike and the parties who were in with us before, finding themselves now outside and their places occupied, so to speak by others, were more or less strongly against us and against the business. Then, these people argued, the operation was made a success in spite of the antagonism of others, and now we declined to admit those old friends into partnership. Raphael was and is particularly sore. . . . I think some of our colleagues attribute want of success mainly to our original subscribers coming in to sell their old Funded, and to the fact that it was difficult to advance its price without bringing sellers. To some extent this may be true, but if this new operation had been looked upon as likely to succeed, and if after the books were opened the signs were favorable, not a man would have sold old Funded, so that the selling of old Funded was the result, and not the cause of our failure, for as you pretty well understand the financial world, and particularly the Stock Exchange can form, and do form generally, very correct estimates of how a loan is going in advance of the opening of the books.

The same day (February 6th) Hugh McCulloch wrote to Jay Cooke and Company:

It [the loan] is not likely to be the success that many anticipated, but I am myself not disappointed. The copartnership is too large to secure that unity of sentiment and liberality of action which are indispensable to the success of so large a transaction. My predecessors in the Treasury Department, Messrs. Chase and Fessenden, as well as myself, found in order to place the loans which we were under the necessity of making during the war, and at its close, that no great success could be secured

without the employment of a single energetic and responsible head. Fortunately the right man was found in Mr. Jay Cooke, and next to the soldiers, who perilled their lives in the defense of the Union, is the country under obligation to him for the successful result of the war, as no one can doubt that a financial failure on the part of the government would have been the triumph of the rebellion. I do not mean to say that there was no other man who could have done what was so successfully accomplished, but I do say that I do not believe there was any other responsible person in the country who would have assumed the responsibility which he did in regard to the first issue of the 5–20 bonds, and I know that Mr. Fessenden, after the banks had proved inadequate to the work, looked in vain for some other man to take the place of Mr. Cooke in helping to relieve the Treasury from the embarrassment under which it labored in the latter part of 1864 and the early part of 1865. It is true that the Department was criticized in certain quarters for giving what was called a monopoly of the negotiations to a single person or firm, but it is also true that in the most trying period of our financial history no responsible persons were found willing to share with Mr. Cooke this monopoly.

I am hopeful that the present loan will be made a success during the year, but I should be much more certain of it, if the management were confined to a single house, and especially if some of the parties who are interested in it had not done something more than to turn a cold shoulder against the former funding loan. Judge Richardson knows who was with us and who against us, who participated and who declined participation in that negotiation.

On February 8, 1873, Jay Cooke wrote to his brother, Henry:

I have said very little about the syndicate, but the result is precisely what I had anticipated, although I hoped I would be mistaken. Please have Richardson and the Secretary and the President distinctly understand that I am not to be held responsible in any shape, manner or form for this failure. It

serves us right for yielding to any conditions or circumstances, where we should have to desert old friends, and go to bed with those who are entirely unworthy of our association — those who have in the past vilified and misrepresented us and have injured the government more than 300 millions actual cool cash, through their miserable jealousies. I state this matter plainly, while at the same time I know you will understand my heart in the matter — that I have no revengeful feelings and would rejoice in the prosperity of the parties at all times, and would do everything in my power to return mountains of good for the evil they have all along been doing. But the solemn truth is just what I have been stating.

Of the disputes with the Department in the subsequent settlements with the syndicate Mr. Cooke held entirely aloof and advised his partners "to let Morton and Drexel do the scolding;" [1] they could make the complaints and take the responsibility and blame.

Meanwhile the amount of the loan which had been covered by the subscriptions remained a dark secret, and as no definite statements were made to the press, it was surmised by the public, as it could not help being known in banking circles, that the negotiation was a failure. It was given out at length that Europe had subscribed twenty-eight and one-half millions, nearly all in cash, and America eight millions in cash and thirteen millions in bonds, in all nearly fifty millions without the Secretary's proffered ten millions, from the payment of which he was to be excused on account of his "poverty." Therefore, it was concluded to scale the call for March 1st to $50,000,000. Secretary Boutwell wrote to Jay Cooke and Company and their associates on February 25th, as follows:

[1] J. C. to H. D. C., February 17, 1873.

A conversation with Governor Cooke yesterday leads me to write you in regard to the amount of the subscription that you may make on the first of March next. I am clearly of opinion that it should not exceed the amount already disposed of, with perhaps such addition thereto as will not exceed the sum you may be reasonably sure of disposing of within three months after the first of March. Nothing will be gained by increasing the subscription beyond the amount indicated. The fact that your subscription has been so increased, will, without great delay, become public, and the effect will be prejudicial to the sale of the surplus and exceedingly prejudicial to your future operation. In such case you may reasonably and, I think, surely anticipate the active and continuous opposition of those interests that are opposed to the success of the government loan, manifesting itself in efforts to keep down the price of government bonds, and especially of the five per cent. bonds, so that a large amount may be left on the hands of the bankers engaged in negotiating the loan. In case a considerable amount should be so left it will be an embarrassing fact in reference to future negotiations. Indeed I do not see how the negotiation could go on until the surplus was placed in the hands of actual investors.

Moreover I desire that in every thing relating to the funding of the loan, nothing should occur that is not entirely clear of all doubt and free from reproach and, while perhaps no one could complain that you subscribed for an amount beyond that actually sold, I am sure that it would give rise to a great deal of unfavorable comment. In my judgment it is not material whether the subscription is fifty, sixty or seventy-five millions of dollars. When the bonds already subscribed for are delivered we shall be in a condition to renew negotiations at the first favorable opportunity.

This curious effort to put a good face upon what was essentially a very bad affair, ended Mr. Boutwell's connection with the funding business. Mr. Cooke was certainly entitled to little blame for this fiasco which was invited. Partisan political exigencies solely had in-

duced Grant and his Secretary to delay the movement too long, and then at the expense of public efficiency to make an arrangement which might please a number of men to whom they were beholding. During the war action of this kind was excused by the need of affronting no elements which could be used in the great work of saving the Union. Now it was merely a question of saving Grant and that group of politicians with which he was surrounded and the episode sufficiently well illustrates the standards of statesmanship so unpleasantly prevalent in that disordered period of the country's history.

The bonds were yet to be delivered, and this task was inherited by Judge Richardson, who succeeded Boutwell when the latter entered the United States Senate. The place the new Secretary had filled as the Treasury's agent in London in 1871 was given to Senator Cattell than whom none could have been more acceptable to Jay Cooke, an intimate friend who enjoyed his fullest confidence. Cattell proceeded to London with J. P. Bigelow, who had accompanied Richardson thither in 1871 on a similar mission, and an adequate body of clerks. On April 24th they reached London with their safes which contained nineteen millions of dollars worth of United States bonds, expecting to make their headquarters at the office of Jay Cooke, McCulloch and Company, as the delegation had done in 1871. This time, however, by mutual arrangement of the associates, they were to go to Rothschilds', for which change of programme many explanations and apologies were offered to Mr. Cooke, who it was assumed, would not be pleased with such an implied subordination to another house. And it was not

a false assumption, for when he learned of the removal he called it "a great outrage." [1]

The old Baron gave Cattell, Bigelow and all the clerks the most cordial reception to the rooms which he had prepared for them. "Sumptuous" luncheons with cigars and wines awaited them. He selected from his "choice reserves the finest brands" of cigars for Mr. Cattell and insisted upon sending one hundred to his apartments, an attention which was much valued by the Senator, for he was a smoker of discriminating taste. "The kind, polite and gracious old Baron," said Lycurgus Edgerton in a letter to Mr. Cooke, "knows how to propitiate and gain the good graces of his clients. He ignores his wealth and his honors when in his office; is easy of access, courteous and affable. He says to Mr. Cattell: 'Don't hesitate to come in and see me any hour of the day. Don't stop to knock at the door but walk right in, and if I am momentarily engaged, sit down and smoke your cigar and make yourself entirely at home. By the way, Mr. Cattell, I want you to become acquainted with my wife. I want to introduce you to her. Can't you come up Sunday and see us? Drop in at any hour of the day that may suit your convenience, and if it should be at the dinner hour stay and dine with us *en famille*.' " [2]

Senator Cattell himself wrote to Jay Cooke on May 9th, as follows:

It is amazing how much title and a little official position does for one in this country where such things are considered the "be all and end all" of human existence; a sentiment, however, with which I have not the least sympathy. I have already dined with Baron Lionel Rothschild, the senior member of the house

[1] To Puleston, May 19, 1873.

[2] May 3, 1873.

here, at his elegant mansion in Piccadilly, adjoining Hyde Park; with Mr. Morgan; and am to dine to-night with Mr. Russell Sturgis of Baring Brothers. Have also dined at Mr. William Evans's, father of the junior member of your firm. At each of these places I have met distinguished people, among them John Bright, with whom I am much pleased. At Baron Rothschild's the company was made up almost entirely of lords and their ladies, among whom was Sir Robert Peel and Lady Peel; Lord Barrington and Lady Barrington; Chief Justice, I should have said the Lord Chief Justice Cockburn; Mr. De Lane, editor of *The Times*. I mention these names simply to show how the fact of my having been senator once and having the prefix of Hon. to my name, coupled with the fact that I came here as the financial representative of our government, brought me at once into society which I could not as a private citizen have reached at all. . . . It seems that the syndicate had come to some arrangement which made Rothschilds the member to receive and keep all the called bonds and coupons bought by the syndicate, and to deliver to us these bonds and coupons and receive from us the five per cents. in their place. They had in their strong room about fifteen million dollars of the called bonds and coupons, and of course we could not think of taking the risk of carrying these millions of money through the crowded streets of London to and from their place. So after full consultation with your people, although it did not at all please me, there seemed nothing left for us but to accept the situation and go with our clerks to the rooms provided for us. They are very properly called the rooms of the syndicate. . . . I, however, make my own headquarters with your people, who have kindly given me a nice, cheerful room in the second story, and I spend more of my time there than anywhere else. . . . I go over every day to see how the boys get on and by request of the old Baron call in to see him daily. This gives me a chance to cultivate the acquaintance of the house which may place me in a position to be useful by and by. Already I have had a good chance to speak of you and you may be sure I did not leave the Baron in any doubt as to my estimate of your character and ability. Nor did

I fail to impress him with the fact that it was to your capacity, energy and great force of character that we were indebted for the successful management of our finances throughout the dark days of our Civil War.'

In May another call of $20,000,000 was proposed, not to meet the demand created by further sales of the syndicate, but as a means of bringing home the money awarded to the United States by the treaty with Great Britain, covering the depredations of the *Alabama* and other Confederate privateers, fitted out in England during the Civil War. Before the first call was made it had been urged by Mr. Cooke, or some of the practical men who surrounded him, that the indemnity, $15,500,000, might be obtained from the British government in London, being used then to take up called bonds. After some parleying between the State and Treasury Departments at Washington and the agents of Great Britain, arrangements for a transfer of funds on this basis were concluded. On June 6, 1873, therefore, Secretary Richardson called for $20,000,000, leaving a margin of nearly $5,000,000 for other conversions. From this transaction the Rothschilds and the Barings were excluded because members of their firms sat in Parliament, a fact which barred them from participation in such an operation, and with this experience Mr. Cooke's long and honorable connection with the management of the finances of the United States was brought to an end.

CHAPTER XVIII

THE PANIC OF 1873

The failure of General Sargent's prolonged and costly negotiations in Europe left that field open to Jay Cooke's London partners. They were instructed to give a particular care to the foreign market for Northern Pacific bonds, and their unsuccess often caused the head of the firm to accuse them of coolness toward the enterprise. Both McCulloch and Puleston usually resented this imputation, and aimed to convince the American financier that they were doing all that was within mortal power, in the existing state of affairs, to send him the millions which he still hoped to receive from Europe for the railway. On March 23, 1871, McCulloch wrote:

> You have the faculty of presenting your views of a matter in which you are interested which few men possess, and if the first presentation of the claims of the North Pacific road had been made by yourself, in the earnest and able manner in which you have presented them to the people of the United States, it would have been impossible for the capitalists who would have listened to you to doubt the value of the land grant, or the perfect security of the bond.

On April 24, 1871, Mr. McCulloch again wrote:

> We have not your enthusiasm, it is true, in regard to the North Pacific enterprise, but we are not very much behind you in our appreciation of its importance and you may rest assured that our best efforts will not be wanting in popularizing the bonds whenever we have a clear field to work in. When we

came to London it was not supposed, either by you or by us, that we should have anything to do with bringing out the bonds, and our position has never been that independent one which it would have been if we had been the recognized agents at the start. We are doing everything in our power to clear the way for the sale of the bonds and you need not doubt our entire heartiness in the work.

When Fahnestock's negotiations with the Germans were broken off early in 1872 it was determined to organize a party to take $20,000,000 of the bonds through Jay Cooke's London house. Six millions were bid for "with a flourish," though many were mere speculative transactions which would later need to be ignored, and on January 16, 1872, McCulloch wrote to Mr. Cooke, as follows:

The Northern Pacific has been launched, and with as much success as we anticipated. It is a great enterprise, but it has more enemies than friends, by reason of the large number of smaller enterprises which are in the field as borrowers. Our house has an excellent reputation, probably a better reputation than was ever obtained in the same time in Europe, but you must not expect too much of us. We shall, however, do our best to place enough of the bonds in Europe to enable the company to push the work vigorously on, and I am hopeful that our efforts will be crowned with success.

When the bonds were brought out they were offered in sterling at a price which at the current rate of gold was somewhat below par in American currency. Mr. Cooke had not fully understood the arrangement and when he came to do so it displeased him. He was severely assailed on the ground that advantages refused to investors at home were being accorded to foreign buyers. A considerable number of bonds had been sold but he peremptorily ordered that they be bought back, and the

net benefits of the operation, when it was completed, were therefore very slight.[1] Moreover the *Alabama* excitement intervened and threatened serious international complications, while General Sargent pressed for further recognition, and failing to obtain it, made himself a troublesome factor. The London partners distrusted him and he cherished no high regard for them. He still asked for money which Mr. Cooke said that he would not get "except at the tail end of a law suit." If he "did his duty he would hand back about $50,000," which had been advanced to him. He had discredited the railroad, said McCulloch, Puleston and Fahnestock, and had increased the difficulties of their task in London in the sale of its securities. Certainly the market had been spoiled by some mischievous influence. Now and then a few hundred pounds' worth were subscribed for, Puleston wrote to Mr. Cooke on August 20, 1872, but many days passed without the sale of a single bond, and as the Canadian Pacific road, with probable government guarantee, loomed in sight further endeavors were useless. "We are doing everything in our power," said Puleston, but "nothing can be sold well here unless regularly quoted, and it would cost too much to manipulate the market for Northern Pacific at present. Depend upon it that we are heart and soul with you, and that nothing of greater or less importance is allowed to interfere."

For much if not all of what the London house thought of the Northern Pacific Railroad, Mr. Fahnestock was responsible, and he had grown to be as antagonistic to the enterprise as William G. Moorhead. He frequently

[1] Fahn. to J. C., April 27, 1872.

visited London and it was with the New York house that McCulloch and Puleston had constant telegraphic and postal communication. It was Mr. Fahnestock's peculiar delight to make money, and while Mr. Cooke's zeal for gain lay at the bottom of much that he did, it must come, if he enjoyed it, while he was promoting some great patriotic enterprise. Fahnestock saw that money was not to be made rapidly if at all out of the railroad, and his interest in it waned. His loyalty to the great undertaking was a cloak which he put on with increasing difficulty, as the weeks and months passed, and he freely communicated his qualms and fears to the other members of the firm. Nor did he conceal them from Jay Cooke who called his talk "croaking," when he did not plainly say that it was calculated to do him and the firm positive injury.

On June 8, 1872, as the time for the July interest payments approached—the country was in the midst of a presidential campaign when bonds were selling very slowly—Mr. Fahnestock wrote at length to Jay Cooke predicting the ruin of the firm unless its relations to the Northern Pacific Company were immediately changed in several vital particulars. He said:

I beg that you will not regard any of my views and criticisms as personal reflections, but that they shall be received as the earnest expression of my convictions after careful study of the situation. I do not hesitate to say that the present actual condition of the Northern Pacific, if it were understood by the public, would be fatal to the negotiation of its securities. . . . No enterprise of such magnitude has ever before been so entirely dependent upon one house, or rather upon one man. I claim that it is in every respect unwise to make such an undertaking dependent upon the strength of one house, or on the life of one man and

equally injudicious to make the reputation, if not the existence of a house having a character and means to lose, dependent upon the success or failure of an enterprise of unprecedented experiment. . . . We should occupy a position similar to the relation between Fisk and Hatch and the Central Pacific. Fisk and Hatch have had to do only with the finances and Huntington and Sanford have so managed the road that even the withdrawal of Fisk and Hatch with all their large interest would not have stopped the work. . . . Instead of this we, and especially you, are the N. P. R. R., and you have the additional delicate responsibility of the trusteeship, making you morally liable to every man and woman holding the bonds for the proper and economical application of all the moneys received, and for the verification of all the statements contained in our publications; which have endorsed the bonds all over as the best and safest securities for widows and orphans and trust funds and as good as United States bonds, assurances upon the faith of which almost exclusively the bonds have been sold to a class of investors who have been influenced by your personal recommendation. You have assured them of the intelligence, vigor and economy of the management. We know that it has been inefficient, distracted by other engagements and extravagant to the last degree. You have assured them that the lands are unparalleled in climate, soil, timber and minerals and are superior throughout to those upon which Massachusetts has become wealthy and great. We know that a large proportion of the lands from Lake Superior to the Mississippi are practically valueless, either for cultivation or for lumbering, and that the residue are less valuable than the public have been led to believe. . . . Too much dependence has been placed upon the names of the promoters and too little weight given to the more practical considerations which must govern the public estimate of securities offered for investment. If the bonds had been sold at a price commensurate with the experimental character of the undertaking they would have been taken largely by moneyed men, but as it is we are selling them almost exclusively to persons who rely upon our recommendation rather than upon their own judgments, and there is a

limit to this class and their money. This of course greatly increases the difficulty and expense of the negotiation, and in addition to the disadvantage of the thus restricted sales, the company nets no more for each bond sold than if the price to the public were much lower. . . . Without any disposition to underrate your enthusiasm, which has pervaded the enterprise and accomplished most of what has been done (and indeed without which it could not have done) we must squarely look in the face all errors of the past and see what is now best for the road and ourselves. Enthusiasm alone will not be sufficient. It must be combined with the soundest judgment. I have showed you why the general public will not buy the bonds. We could not in an emergency make them to any extent available as collateral because everybody knows that their value depends upon one man's ability to make them good. The same reason added to the high price (and the early mistakes) prevents their negotiation abroad and will continue to prevent it. All other important roads have the aggregated responsibility of many good men, reasonable certainty of completion within a moderate time, objective points possessing elements of immediate or early revenue, and prices bearing some relation to the risk. We ignore most of these considerations and the enterprise is now, with all our delicate relations to the confiding public, our peculiar relations to the pool subscribers who rely upon at least discreet management upon our part and to the contractors for labor and materials, completely at the mercy of any contingency which may arise to interrupt sales of bonds, stop the work and leave us to provide means to save the company from default. . . . Radical and immediate changes are necessary to save the company from ingloriously breaking down within the next year and involving us in discredit, if not in ruin.

We have given here but a small part of this letter, which from end to end was an array of unfavorable statements and arguments against the railway. It was the coldest *douche* which Jay Cooke had yet received, and when Fahnestock went to London in the summer he

so alarmed McCulloch, Puleston and Evans with his accounts of the situation that telegrams and letters poured in upon the financier begging, if not demanding, that he cease his advances to the company. It was stated in the contract with the Northern Pacific managers that Jay Cooke and Company should, in case of need, lend them sums of money not to exceed $500,000, unless this limit should be raised by subsequent agreement, the amount being secured by the company's bonds deposited with the firm for this purpose at fifty cents on the dollar. In conversations and probably in writing, Mr. Cooke had pretty definitely stated that this limit would not be passed, and in September, 1872, Fahnestock and the London partners united in a demand that the arrangement should be adhered to.

As the Grant and Greeley campaign proceeded the sale of bonds declined—the September total fell to $173,000—and while it was always hoped and supposed that they would soon increase, the credits were never large enough to prevent the debt from creeping up steadily. Treasurer Barney's drafts at this time aggregated about one million dollars a month. On June 1, 1872, the overdraft was $605,000,[1] and the July interest payments were not far ahead. On July 30th the total was increased to $900,000, and on August 20th, when the company drew for $250,000, the balance ran up to $1,775,000. Deducting the credits for bond sales during the month, it still stood at $1,583,000.[2] On one day early in September Jay Cooke received three despatches from London, all of the same tenor, from Jay Cooke, McCul-

[1] G. C. Thomas to J. C., June 1st.
[2] J. C. Jr., to J. C., August 20, 1872.

loch and Company, Hugh McCulloch and Fahnestock, protesting against the overdrafts. "Northern Pacific advances made and proposed contrary to agreement," said one cablegram. "You cannot carry company," said another. Hugh McCulloch telegraphed: "I insist the understanding with me [as to] advances [to] Northern Pacific shall be strictly adhered to. No other course safe or just."

Puleston wrote on September 7th:

I am sure you will appreciate my anxiety, and without attributing to me any lack of faith in the enterprise. We have here from the start rested upon the assurance that J. C. and Co. would under no circumstances whatever be in advance beyond the stipulated $500,000, and we have on all occasions calling for such a statement boldly and squarely assured our friends that the rule was and would be strictly carried out. This being accepted in the proper quarters had and has to this day everything to do with our credit and standing. . . . I trust, my dear Mr. Cooke, that you will set down to the best motive these few remarks. I write them because I know you cannot estimate our relations to the European world, and because your interest and good name are of more importance than my own.

And Fahnestock added from London on September 14th:

There is no use in our undertaking to carry the company ourselves. However unpleasant would be the embarrassment of Northern Pacific after the extraordinary recommendations of our house, we could survive the odium of its failure, even if ourselves in proper shape and unembarrassed by unavailable loans, and we would be stronger than ever for future business. Under no consideration must you allow your pride or interest in the company to place us in a position of even possible complication with its troubles. This would be unwise in every point of view, and would cause infinite happiness to those who have

been opposing us and the enterprise from the start. McC. and Puleston are especially concerned because the limitation of these advances was an express condition of our partnership here. They regard those already made as exceedingly injudicious, and urge that most vigorous steps be taken for rapid reduction.

On October 2d, McCulloch wrote in the same strain as follows:

The connection of Jay Cooke and Co. with the enterprise has been a great difficulty in the way of our taking high rank as a banking house in London. There has been an apprehension among careful men, strengthened by the efforts, perhaps, of rival houses, that the connection between your houses and the road might become such that a failure of the latter might seriously involve, if it did not break the former. To counteract this we have stated that by contract you were never to be called upon to be in advance to the company for more than $500,000, and that we had your assurances that this amount should never be exceeded. When I learned, therefore, that you had very largely exceeded this amount and that this might lead to still further advances, I was both mortified and alarmed. I was especially troubled when I learned from Mr. Fahnestock that the very large profits which had been made by your respective houses, instead of remaining as capital, had until within the last two years, been divided among the partners,[1] so that you were in danger of using, in sustaining the road, the money of your depositors; and, regarding as I do bankers as trustees of the moneys of their customers and culpable for any illegitimate uses that may be made of them, I confess I was alarmed at the step you had taken. . . . Am I not right in this view of the matter, and do I not utter your own sentiments when I say that you should

[1] The years 1871 and 1872 had been profitable to all of Jay Cooke and Company's houses. In 1871 the New York branch had netted $656,000, not counting the funding syndicate commissions and the next year $357,000. The London house reported profits of £200,000 for the same years, the first two in its history (J. C. and Co., N. Y., to J. C. & Co., Phila., January 21, 1873), so that little more could have been asked for in this direction.

look carefully into the condition of your respective offices, and if you find they have not means enough of an available character to meet their liabilities to the public that you call upon the partners for such portion of the profits of former years as will be necessary to enable them to be prepared for all possible contingencies?

The letters, one following another, especially from Fahnestock, were imperious and almost angry. Mr. Moorhead was again awakened and his antipathy was particularly dangerous because he was given to confidences with other men regarding railway and firm affairs. He indulged in early morning horseback rides in Fairmount Park with Anthony J. Drexel when remarks escaped him that were very unfavorable to the enterprise.

With it all Mr. Cooke's enthusiasm and loyalty to the undertaking were not impaired. He chided his partners for their unfriendliness and with the confidence of a prophet continued to give them glowing accounts of the progress of the road and its great future for the American people.

He again told them that their hearts were not in the work, which led to their reassurances that they were doing all in their power to promote the interests of the railway. "I regret more than I can express in words to you, the fact that you still do not think my heart is in the enterprise," wrote Puleston from London on October 19, 1872. And he continued in defense of his course regarding the railroad:

I have always thought it a magnificent undertaking, and I firmly believe that sooner or later it will be very successful; but I must say that I saw when we came over here that it was going

to be with us and for us a most difficult problem, the way it had been knocked about and managed here for a year previously making it a most undesirable thing to take up, particularly by a new house. Still this did not deter us from making every effort, and we have left no stone unturned. That it has not been successful with us is no fault of ours, I assure you. We have labored earnestly and worried day and night over it and it has been all along, and is still, a source of the deepest tribulation to Mr. McCulloch and myself. It has been very hard to keep up the credit of our house, so strongly prejudiced were the financial public in Europe against the Northern Pacific. . . . My dear Mr. Cooke you do not know one-tenth part of the difficulty we here have to contend with, and if you were here you would feel and act precisely as we do. . . . I may add that we would most surely have made at least twice as much as we have made here if N. P. had not been on our hands.

But it was much easier to say that no money in excess of $500,000 should be advanced to the company, and that further drafts should not be honored, than to suggest good and practicable plans for avoiding it. Mr. McCulloch in his rather bureaucratic fashion proposed that the partners should be made to return to the firm as capital, the profits which they had received from time to time during past years. Most of this money had been reinvested or spent. Of what use was such a suggestion? Fahnestock urged that the officers of the road should issue their promissory notes, go out into the open market, and raise money upon them through a broker in Wall Street. This, as anyone could see, would have immediately ruined the credit of the road and quite probably that of Jay Cooke also, with the forfeiture of all his hope of achieving his patriotic objects in connection with the civilization of the Northwest. It would have been, too, in his view, a betrayal

of the trust which thousands of innocent people had reposed in him. That Fahnestock and most other bankers would have taken this course at this point, had the final decision lay with them, there is no doubt. The surface of the financial seas at this time was strewn with the wrecks of western railroads. Not for one moment did Jay Cooke contemplate casting over the Northern Pacific. He admitted that he would like to be well out of his engagements with the great railroad, but he was not ready to obtain his freedom in this way. His gigantic successes since 1861 had given him a feeling of invincible power, and although beset with difficulties that would have deterred and utterly discouraged other men, he had scarcely yet begun to develop the plans which he expected to execute before he should be willing to confess defeat.

The re-election of Grant for which Jay Cooke had strained every nerve was confidently expected to invigorate the sale of bonds, and raise the monthly total to its old level, about one million dollars, so that the firm could recoup itself for the advances of the summer, when the Greeley scare and the apathy which always affects business in a "presidential year" had left the banker almost the sole prop of the enterprise.

Mr. Cooke, and indeed everyone, not excepting Fahnestock and Moorhead, expected much also from the removal of President Smith and the establishment of General Cass at the head of the company. He represented large interests which had much at stake, the Pennsylvania Railroad group of financiers. His experience was broad and it was felt that if he were in control, as he or one of his type should have been from

the first day, that confidence in the enterprise would be very much increased. Moreover it was plain to be seen that if the company had responsible officers, very different relations would soon subsist between it and the fiscal agents. A time might soon come when even in a "presidential year," they could safely go out to seek a loan upon their own accounts, as Fahnestock had so insistently suggested in September. Jay Cooke would be disentangled from an enterprise which he had been compelled to make his own, being able possibly, after a time, to slip out and escape its burdens altogether.

But Cass was slow to assume the duties of his office after he nominally occupied it, and on December 2, 1872, he wrote to Jay Cooke and Company, as follows:

It is known to nearly all the members of this company's Board of Directors, that if I shall enter upon the duties of President of this company, it will be with the distinct declaration, accepted by the Board, that I shall not be called upon to assume the financial management, farther than to see that all the funds of the company are honestly, and judiciously, and properly accounted for.

It is proper that you, standing in your highly responsible position as fiscal agents to this company, should be apprised of this fact, and I communicate it to you in this form. I presume there is no member of the Board nor any officer of the company better informed than you are as to the company's precise financial status, its maturing obligations, its debts, its assets and the future prospects of the road. Therefore I ask your judgment as to whether, with the organization complete and harmonious, there is any reasonable doubt of the ability of the company to meet its obligations and to go forward with the work of construction in such a way as to meet the public expectation. Your candid judgment in the matter is all that I ask, and I hope to have it by to-morrow's mail.

This letter was replied to the next day as follows:

PHILADELPHIA, Dec. 3, 1872.

Gen. George W. Cass:

Dear Sir — Yours of yesterday is at hand. In answer to your inquiry, viz.: "I ask your judgment as to whether with the organization complete and harmonious there is any reasonable doubt of the ability of the company to meet its obligations and to go forward with the work of construction in such a way as to meet the public expectation," we would say that we do not consider there is any reasonable doubt of the entire ability of the company to accomplish all that you have mentioned. We have every confidence that under your wise and economical management and with the cordial co-operation of the Board, acting through its Finance Committee and Treasurer, the greatest prosperity, financial and otherwise, will attend the enterprise in which we are all engaged.

With best wishes,
Sincerely yours,
JAY COOKE AND COMPANY.

While this letter was later considered by General Cass to have been unduly sanguine, there is no reason to think that Mr. Cooke himself believed it so at the time it was penned, in spite of all the untoward happenings already chronicled in the history of the company. If there had been failures in the past, all was now to be changed by better management under favorable political conditions, which were guaranteed by the re-election of President Grant.

These hopes and expectations were not at once nor afterward realized, and as the end of the year approached, and the semi-annual interest payments were again to be provided for excited letters came from the New York house. On December 9, 1872, Fahnestock wrote to Mr. Cooke: "Who is to provide for the fur-

ther payments of N. P. during this month for which you have authorized drafts to be made? Every day we are getting in deeper and I only fear that preparation will be so long delayed that, depending entirely upon us, you will some day wake up to find that we have gone after Mr. Bowles to Panama. Without any exaggeration we are in a perfectly helpless position and we must have from you immediately either money or securities that we can use."

In London "Old Mac" was "in fits and absolutely shinning," said Fahnestock on December 20th. It was necessary to send him money at once if the firm's credit were to be maintained in that quarter. On December 31, 1872, in response to a suggestion by Mr. Cooke, Fahnestock telegraphed: "I am surprised at the contents of your letter. Anything like our loaning the sterling is simply and absolutely impossible and the sooner you disabuse your mind of the impression the better. Our line is as large as it can possibly be made."

While all this language was no doubt needlessly spirited, it is not to be denied that there were a number of occurrences of public knowledge calculated to arouse suspicion regarding the road, the chief of these being the breaking down of the St. Paul and Pacific. The Northern Pacific had purchased a controlling interest in the franchise of that company at an expenditure of more than a million dollars. This connection had many theoretical advantages, but the alliance became onerous. In the first place the company's bonds were selling below par to spoil the market for Northern Pacifics, especially in Europe. It had maturing obligations which Jay Cooke and Company were expected to

meet. Mr. Cooke early insisted that the accounts of the two roads should be separately kept, and on November 20, 1871, he instructed Treasurer Barney in positive fashion to pay no more St. Paul and Pacific bills out of Northern Pacific funds. When the Dutch bondholders refused further aid to the road it was necessary entirely to cut loose from the enterprise. Work ceased upon the lines and as a matter of course, the word was passed around that this was a harbinger of the impending collapse of the entire Northern Pacific system. Mr. Moorhead who was the intermediary between the road and the banking house in Amsterdam, which had contracted to furnish money to complete the line was much occupied with the unhappy affair, and it was barely possible, even by attaching the iron in transit, to pay the workmen who must be discharged, and who, their demands unsatisfied, might attack the company's property. This difficulty came to a head in August and September, 1872, and the only course was to explain publicly in America and Europe that the Northern Pacific was not financially responsible for the St. Paul and Pacific, as it was not, although it was tolerably clear that the subsidiary road would not be allowed to suffer if the trunk line company were in that wholesome pecuniary condition, which it should have been.

The greatest uneasiness was expressed in the West and came to Jay Cooke's ears through his Chicago agents Lunt, Preston and Kean. Their sub-agents reported to them the complaints which were made by voucher holders along the line of the road. Bonds were being turned back. It was impossible, the agents said, to keep the seven-thirties at par. Late in October,

1872, when the St. Paul and Pacific coupons were defaulted the failure of the Northern Pacific Company was telegraphed to the newspapers, and led to many inquiries. Jay Cooke wrote to Lunt, Preston and Kean as follows:

I cannot but express my astonishment that you should allow such evidently malicious reports to influence you in the slightest degree. You have been over the line and you know that any statement as to want of value in the land is utterly false. The sales of land during the past month at an average of about $6 per acre should plainly prove this. What has occurred in other land grant roads will in this — the realization of a sum sufficient to pay off the bonds three fold. Of course the decline in the sale of the bonds, owing to political troubles, is but temporary and men like yourself should not allow it to influence you in the slightest degree. Buckle on your armor, go to work and stand up for it. Jay Cooke and Company have nothing more to do with the Northern Pacific than you have. We have advanced considerable money according to our contract, and expect to advance still more, but these advances are but temporary as the road will not be pushed beyond the Missouri River until the treasury is again plethoric. Our advances are all covered by ample collateral and are simply a portion of our regular business. . . . You ought to know us well enough to put to silence any such slanders.

But the laborers at work on the Northern Pacific line itself were not being paid punctually and from Duluth to the western end of the road, their complaints were loud. Vouchers were passed from hand to hand as scrip awaiting payment by the company, and such a condition of affairs did not pass unnoticed, as one can readily believe. On October 26, 1872, General Cass telegraphed to Jay Cooke and Company from Brainerd, Minn.:

Owing to delay in payments the company is without credit

in this state and much uneasiness is felt by creditors and merchants. Laborers and mechanics employed by Brydges must be paid immediately to the extent of twenty-five or thirty thousand, or very serious consequences may ensue. They have not been paid for some months, are without money and without work, and unable to pay their board or to get away from the line of the road.

When work ceased for the winter there were predictions that it would not be resumed and rumors and statements calculated to shatter public confidence were iterated and reiterated in the newspapers. There were no funds now at hand to control the press. The *Ledger* in Philadelphia and certain journals in other cities constantly denounced "corrupt land grants," the building of railroads through wildernesses in advance of the needs of the country, the false representations of railroad bond houses and emigration agents; and as the price of the securities of the western companies sank, and several ceased to pay their coupons, the situation became increasingly unsatisfactory. Nothing but extraordinary courage strengthened by an uninterrupted series of successes, much patriotism—for it was this which kept Jay Cooke at his task,—and a devout hope that the air would clear when men would soon again look into the future and see their destiny, as he saw it, enabled him to view the situation confidently. He had arranged for loans upon the company's iron ordered in advance of its requirements. The directors endorsed paper which he discounted, and he determined at length, if the people would not rapidly enough buy the bonds over the counters of his houses and through his more than fifteen hundred agents, to form a syndicate to absorb a large lot, and close the issue. This was a daring

conception, and was in entire harmony with Mr. Cooke's earlier financial career. To many men it would not have seemed a feasible thing to withdraw a bond bearing interest at seven and three-tenths per cent. per annum, which would not sell, in favor of a six per cent. bond. This, however, was his design. He caused President Cass to write to Jay Cooke and Company on December 11, 1872, as follows:

> In arranging with your numerous agencies for the sale of the bonds of this company for the ensuing year, it is important that you do not commit yourselves, or this company, to the 7 3 10 per cent. issue beyond such time as may suit the convenience and views of the company. The Board of Directors has been considering informally a plan for issuing a six per cent. bond and may carry the same into effect early next year. The track having now been completed to within a few miles of the Missouri, where the business of Montana can be commanded, sufficient road having been constructed on the Pacific coast to turn the business of Puget Sound from the ocean to the rail route, and the sales of lands having fairly commenced with very gratifying results, the Board is of the opinion that such a basis of credit has been established as will justify a reduction of interest; and that the investigating public will speedily show its acquiescence in the reduction by continuing to purchase the bonds of the company at the reduced interest rate.

This was the first step and Mr. Cooke worked rapidly to complete his plans which promised more than one substantial benefit. In the first place if it were announced that the seven-thirty loan would be closed at a point somewhat beyond that at which the sales then stood there might be haste to secure the few remaining millions, thus liquidating the floating indebtedness of the company incurred in carrying the rails to the Missouri River where the road, it was firmly believed,

would find enough trade soon to make the Minnesota and Dakota Divisions self-sustaining. Then the company would be free for the construction of the Yellowstone and the Pend d'Oreille Divisions, which were the next to be attacked on the eastern and western ends respectively. Moreover if the issue were limited, the bonds which were constantly being offered at 95, 90 or lower to disturb the market at par through the agencies, would in all probability disappear. A company which did not longer need to borrow money at so high a rate of interest, and proposed to meet all its future requirements from a cheaper source could not be on the verge of the collapse which many predicted so confidently. "We are all enthusiastic over the idea," Jay Cooke wrote to Henry Johnston, on April 11, 1873, "and believe when it is properly worked up that seven-thirty bonds could be put up to a very handsome figure above par. Parties would then buy them faster than they are now taking them, and those who have them would hold on to them with a grimmer grasp."

The syndicate proved to be a very happy invention in connection with the government funding operations. The very newness of the word, and the knowledge that another of these mysterious things was to be organized might sweep the country as before. Jay Cooke's partners and such of his agents as were consulted on the point strongly advised the closing of the loan and if possible with a "whirl." It is "our only salvation," said William G. Moorhead.[1] Fahnestock thought that the German houses in New York might enter the syndicate. He wrote: "If we get them once in we can hold them

[1] To J. C., March 26, 1873.

as friends of our future issue. Now the loan has not a single influential friend here outside of our own house."

Mr. Cooke proposed to close the seven-thirty loan at $30,000,000. The sales thus far, nearly all through his publicity system in America, and, as Fahnestock suggested, through his own remarkable prestige to people of small means who valued his personal recommendation beyond that of any other financier, aggregated about $16,000,000 to which must be added $5,000,000 distributed through the "pool," a total of $21,000,000. There remained for the new syndicate, therefore, $9,000,,000.

The plan was not without some disadvantages, as it disclosed the exact amount of the yield of all the furore of the three past years. William Thaw told M. C. Hazard, who was sent to Pittsburg in the interest of the syndicate, that he was amazed at the showing. He thought that everything indicated failure and he laid the result at the door of Jay Cooke and Company. To many who were less knowing, however, the movement was viewed more favorably. The syndicate was really another "pool." The bonds were offered to the subscribers on the basis of $85 net with a fifty per cent. stock bonus. With the $9,000,000 of bonds would go $4,500,000 of fully paid up stock. The latter and as much of the cash discount on the bonds, $1,350,000, as could be realized on the advance in the price of sale above 85, after deducting for the expenses of advertisements, travelling agents, etc., would be a clear profit to the syndicate. The members were to sell the bonds at par as before and if they were Mr. Cooke's old

agents, as it was supposed many of them would be, their usual compensation of five per cent. in cash and ten per cent. in stock would be increased to fifteen per cent. in cash and fifty per cent. in stock. They, on their side, obligated themselves to pay their subscribed portions monthly, whether they sold more or less than this amount during the month, the payments covering eight months.

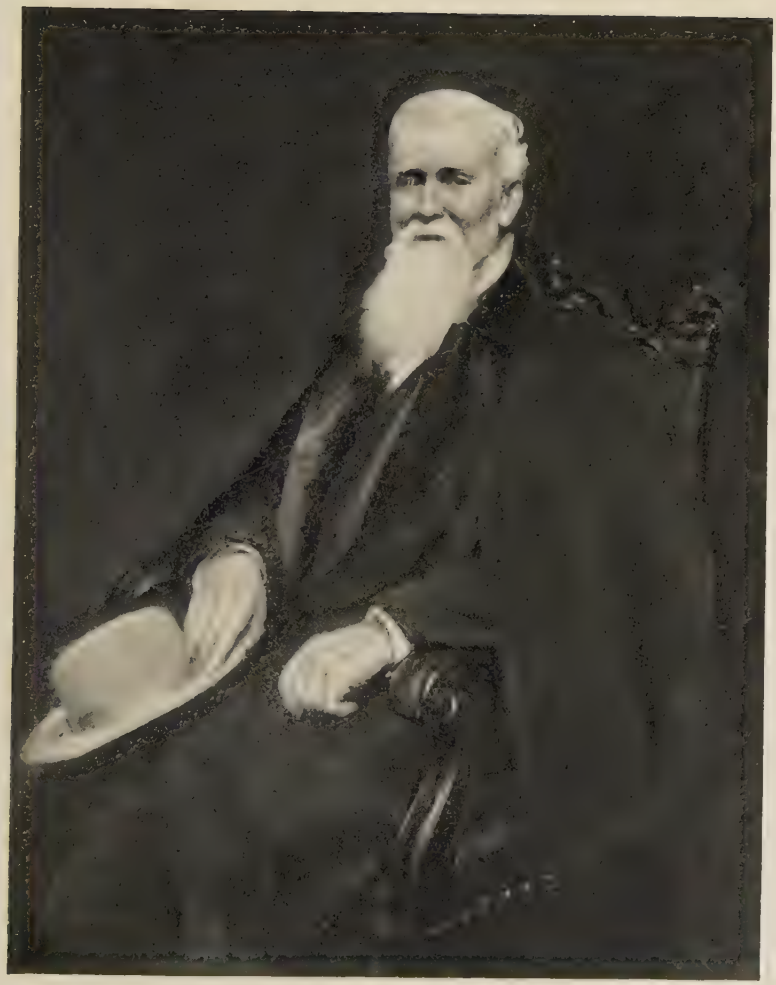
"It is the prettiest speculation for a syndicate that we know of," Jay Cooke wrote to Senator Cattell. Jay Cooke and Company would take one-third of the whole amount, $3,000,000 more would be distributed to the Northern Pacific agents and to banks, while the remaining $3,000,000 would go to the "Germans" (the Jewish bankers of New York), if they would be "satisfied with so small a share."

These expectations, like nearly all that had preceded them in reference to this ill-starred railroad, were not to be realized. It was argued that the agents would lay in considerable amounts of the bonds to cover their future sales. But barring Johnstons in Baltimore, John V. Painter in Ohio, and Brewster, Sweet and Company in Boston, the agencies were for the most part purely nominal and little reliance could be placed upon them for a large operation, especially as the sales had always been slow and were diminishing perceptibly. Others must be brought into the arrangement—directors of the company, "pool" subscribers, outside bankers—in fact, whoever could be induced to look with favor upon the proposition which was much more attractive than any the railroad's fiscal agents had offered since they had sold the "ground floor" shares.

Moreover the markets were particularly spiteful to-

ward the syndicate. They had been ominous for a long time, but the spring of 1873 was the occasion for fresh evidences of weakness. These years as has been intimated, were marked by great unsoundness in the financial arrangements of the government and of private persons, firms and corporations. Mr. Cooke had seen the wrongs of the system very clearly but, as one who is in the current will, he allowed himself to be swept along with the tide, especially after he had become so deeply involved in the Northern Pacific enterprise. Habituated to the paper money evils, the dangers of speculative movements in gold gave him less anxiety. They were, however, just as real, indeed more perilous, because the inflation had brought on a promoters' fever which leads inevitably to a crash. Gold or greenbacks could be made scarce by any band of determined operators, as was discovered on the "Black Friday" of 1869, when Gould and Fisk shook the financial fabric to its centre. In a twinkling much had "gone where the woodbine twineth," as "Jim" Fisk had explained in his famous phrase, and there was constant fear, and much real danger from week to week and month to month of a repetition of such performances.

The Chicago fire in the autumn of 1871 had caused a panic. In September 1872, during the Grant campaign, only Jay Cooke's intervention and the use of the government's strongest agencies prevented grave disturbances. In November of that year, a great fire destroyed many blocks of buildings in the business centre of Boston. The first accounts which were exaggerated recalled to the minds of the people, the conflagration in Chicago of the previous year, and the stock market dis-



JAY COOKE

From a portrait by William M. Chase, in possession of Mr. J. Horace Harding

orders following it, and another downfall was narrowly averted. In April, 1873, when the Northern Pacific syndicate was being formed, the money markets were again seriously disturbed. Henry E. Johnston begged Mr. Cooke not to carry forward the operation in "such a panic." Money he said was five-eighths of one per cent. a day. "It is calculated to deter even those of much faith and strong nerves, let alone the timid." [1]

"What on earth are they drawing so much for," Jay Cooke wrote to Fahnestock on March 31st. "Please find out from the Treasurer. We will do all we can to stem the tide."

The next day he wrote to the manager of his New York house:

> I notice what you say about the money market. It is not worth while to apologize. . . . You can rest assured that everything that can be done will be done by all of us. . . . I really feel with this pinch once over and with the new programme for closing the 7-30s, with the sale of my Lake Champlain property (which I expect to bring about) and sundry other matters which we are working for, and the revival of the sale of bonds (which we hope for), we will get in better condition. . . . Has any movement been made looking to a raid on Richardson or Grant on account of the money market?

Ever since the war the Treasury Department had been regulating the markets with purchases and sales in a way which was at first necessary but which when continued indefinitely could be without any sensible excuse. After the "secret sales" were abolished, the Secretary of the Treasury manipulated the markets publicly and the government was relied upon to correct each slight disorder. The Erie Railroad frauds; the

[1] To J. C., April 16, 1873.

airing of the affairs of General Frémont's Southern Pacific road in the French courts; the general misrepresentation in Europe of the value of American railway properties; and the failure after a season to pay the interest upon the bonds with examinations into the management of corporations in the American courts, and in Congress, which was at last being made the judge of its own corruption and incapacity, could produce nothing but distrust.

The immediate cause of the financial troubles of the spring of 1873, was the Crédit Mobilier investigation at Washington. The rumors of this scandal in connection with the Union Pacific Railroad had been in the air for several years. It was a rare Congressman, lobbyist, or Washington correspondent who did not know as much about this affair before the investigation as afterward, but the excitement attending the exposure and the publication of the misdeeds of the nation's lawmakers was very great, and deeply disturbed public confidence.

On January 6, 1873, Henry Cooke wrote to his brother as follows:

At five p. m. have just returned from the House and it has been an exciting day. The Crédit Mobilier matter was up and a resolution passed to make the sessions of the investigating committee public. Afterwards a resolution by Sam Randall, requesting the President to sue the Union Pacific Railroad Company for the interest paid by the government on its bonds, amounting to some five millions. There was a good deal of squirming, dodging and filibustering. I cannot describe the scene, but it was intensely exciting. The House boiled like a seething cauldron. Dilatory motions of all sorts (members dodging to break a quorum) consumed nearly the entire afternoon, but finally a vote was reached

and the resolution passed. Watching our opportunity Speaker Blaine took from the table our District appropriation bill. Mr. Garfield moved concurrence in the Senate amendments and it passed in the midst of the hubbub without a division. I have arranged to have it engrossed and signed to-morrow so we will get our money this week.

Again, on February 11th, Henry Cooke wrote:

You have no idea, nor can any one have any idea who is not here from day to day, of the demoralization of Congress resulting from the Crédit Mobilier investigation. Some of the purest and most powerful men in both branches have become involved to an extent which seems to reflect upon the whole body.

In spite of all these very grave difficulties, Mr. Cooke sent a number of travelling agents through Pennsylvania, New York and New England, to interest bankers in the Northern Pacific syndicate, and the New England agent achieved considerable success. There was jubilation when Charlemagne Tower, the wealthy anthracite coal miner, was brought into the enterprise. He subscribed $250,000 to the syndicate and authorized Mr. Cooke to buy him beside an original share or failing in this a "pool" interest, in return for all of which he was elected a director of the company. "Mr. Tower has been in to-day and subscribed $250,000 to the syndicate. He is bully," Jay Cooke wrote to General Cass on May 21, 1873. On June 5th, Mr. Cooke told Senator Cattell, that over one-half the amount needed to close the loan had been subscribed, and on June 17th, he said that $6,000,000 had been taken, but this was of course only $3,000,000 in addition to what Jay Cooke and Company had underwritten. He would not "go near the Germans in New York, except as a last resort."

It was a part of the plan, when the change was made

to a six per cent. bond, to seek a government endorsement. After it had been clearly shown that the road served the nation usefully in maintaining communication with the forts and posts in the Northwest, that emigrants were settling along the line and that it was to be a powerful agency to spread civilization and hasten the development of a large section of the country, it was but just that the company should receive the aid which a guarantee would imply. The people of Montana and at other points were eagerly awaiting the coming of the railroad. The company without assistance had joined Lake Superior and the Missouri River, and it had spanned the country lying between the Columbia River and Puget Sound. It was on most sides an admitted government function to show favors of this kind to undertakings certain to perform such public services, and if the road needed an endorsement, why should it not be given cheerfully?

Mr. Cooke did "not desire to have anything to do with the details of this matter at Washington," he wrote to General Cass, on January 31, 1873, except as a trustee whose duty it was to see that there was no impairment of the mortgage and as the fiscal agent in approving such modifications of the contract, which the change of programme might necessitate.

"If it can be done openly, nobly and above board, I shall agree to it," he told his brother Henry; "otherwise not." [1]

Thomas A. Scott and the Southern Pacific managers were also seeking an endorsement for their line, and it was considered expedient to join the applications. Jay

[1] J. C. to H. D. C., February 3, 1873.

Cooke proposed a guarantee of $50,000 per mile, the government retaining $10,000 or $15,000 of the bonds to protect the interest payments. The issue he hoped might cover some 800 or 1000 miles of road from the Yellowstone to Lake Pend d'Oreille. Colonel Scott favored $40,000 per mile. A memorial to Congress was prepared and was numerously signed. The Northern Pacific's interests in this alliance were being guarded very carefully. On January 28th, Jay Cooke wrote to his brother Henry, from New York:[1]

> It has been suggested to me that you watch Tom Scott. A bill was presented the other day permitting the Southern Pacific to issue six per cent. currency bonds. It is possible Tom may get that bill through in some shape and leave the N. P. out in the cold. Suppose you get Warden, or somebody else who is receiving something from the N. P. so that he will cost nothing extra, to keep his eye on all these matters and report to you daily all the legislation that is talked of.

And on February 11th, Jay Cooke wrote to Henry Cooke:

> Not one penny of money is to be used in any way, and this is understood, as we will not agree to any such expenditures. But it is most vitally important to us that the thing should pass. You can easily see from the condition of things just now that we must have some such relief.

At another time the arguments of the Pacific railroad builders might have prevailed, but not in 1873. After the Crédit Mobilier investigation was precipitated, it was seen by good observers that no arrangement of this character could be effected. Henry Cooke declared most positively that no such effort should be made at this session of Congress, as it would be entirely futile,

[1] Manifestly written by Fahnestock over Mr. Cooke's name.

but Colonel Scott and Jay Cooke did not despair. On February 12, 1873, the latter wrote to his brother as follows:

I have sent an extract from your letter to Colonel Scott and Mr. Cass. We have all thought that the demoralization of Congress made this just the time to get this thing through without any cost, on the principle that any one opposing it would be to all appearances before the public as a bidder for pay. The matter itself is so genuinely a good thing for all parties, and so harmonizes with the President's views and messages that I think it could be passed, if all took hold thoroughly.

On February 14th, Jay Cooke again wrote his brother:

It is worth some risk now to put this thing through. A year's delay might find us in quite a different position, which might be avoided by some boldness now. I cannot for the life of me see why it is not a go now, if it is a right and honest thing to do. I notice that Banks introduced a similar bill for a smaller amount for the Sutro tunnel. I don't notice any comments against it in the papers. Still your judgment is excellent and you must give your views to Scott frankly. If the President will favor it nothing more need be required, I think. The document is signed by William G., Mr. Wright and the other directors and officers of the Northern Pacific Railroad. We have also signed below their signatures as financial agents, stating our belief that it is a just proposition and one that will return ten fold in benefits to the country at large, and that we are highly in favor of it. Scott, Thomson and all the big bugs of the Pennsylvania Railroad and Texas and Pacific have signed below us on behalf of their road and there will be a large additional number of signatures before it goes in.

It was idle to expect the petition to be heeded in the midst of the Union Pacific exposures. No legislation was to be had at a session disturbed as this one had

been by the uncovering of these scandals. That the investigation was not very favorably regarded by the Northern Pacific men needs not to be said. They were not strongly impressed with its usefulness or timeliness. To mention a railroad at Washington was enough to make bold men afraid. A thief stole some of Schuyler Colfax's Northern Pacific bonds in the hope of inducing him to pay a large reward for their return, thinking that the public knowledge of his connection with this company as well as with the Union Pacific, would further impair his moral standing. Mr. Cooke who was looking out for them if they should appear in the market, wrote to Mr. Colfax on February 27, 1873, as follows:

Your investment in the Northern Pacific is as pure and innocent a one as ever was made by mortal man, and, as we have good reason to believe, was made in consequence of your appreciation of the enterprise, and your personal knowledge of the benefits the whole country would derive from its completion. I hope it will prove not only remunerative, but that you will have the satisfaction of having aided in one of the grandest works of the present age, duplicating with your means the efficient aid you have already given with your pen and voice.

Senator Windom wrote Jay Cooke on May 29, 1873:

I have a letter from Mr. Pritchard, requesting me to renew my endorsement on the $50,000 note of the company. I have not yet complied for the following reasons. When I made the first endorsement, it was upon a verbal statement made by yourself that you would take care of it for me. This you have done, but I cannot in justice to my family become responsible for a sum that would prove my utter ruin without some written guarantee that in no event shall I be compelled to pay it. I have not lost a particle of my faith in yourself or in the enterprise, but I cannot afford to take any chances which, in the event of your

death and my own, would beggar my little family. Another reason is that I intend to dispose of my interest in the road. My position in the Senate, and especially on the Select Committee of Transportation, of which I am chairman, is made somewhat unpleasant by my connection with the corporation. In the present morbid state of public sentiment I am liable at all times to have my motives misrepresented and my acts misconstrued. It would be vastly better for the road, as well as myself, that I should have no interest in it, and hence I have decided, in case I can sell it or trade it off for anything near its value, to disconnect myself from it entirely. . . . My interest is equal to about $1,000,000 of the stock when the road is done.

There was nothing to do but to postpone the request until the next winter. "I have but little doubt," Jay Cooke wrote to Captain Ainsworth on March 14, 1873. "that these two sections [the Yellowstone and Pend d'Oreille sections] being pushed forward rapidly, we will be able to sell bonds fast enough to go on with the remaining link to unite them, or if thought best to obtain the endorsement of the government upon the bonds used for the intermediate 800 or 1,000 miles. The government has given us such a magnificent property that we hate to go to them at all and trust that we will get along nicely without it."

To Fahnestock Mr. Cooke wrote on March 21st: "My visit to Washington was very pleasant in regard to Northern Pacific. I stated to quite a number of the Hons. that we would come to them next winter for an endorsement for a six per cent. bond, to the extent that we need their aid and no one seemed to think ill of it."

The Crédit Mobilier affair did not end with a scare to the markets, for in July it was determined by the govern-

ment to withhold the interest payments on the Union Pacific coupons, a resolve calculated to do much damage to the general railway bond business. This movement deeply aroused Jay Cooke, who on July 2, 1873, addressed his brother Henry as follows:

Now I want you to go to the Attorney General at once and tell him how wrong this whole procedure is. This whole persecution of the Union Pacific is nonsense, and is damaging our credit abroad. If the government sets the example of enjoining the payment of interest coupons, who will buy a bond abroad? The whole thing is wrong, ill advised and scandalous. You cannot speak too strongly, and I want you to take the matter up as an all important thing and push it through to-morrow. Williams ought to make a public apology for such an attack and instruct the lawyers to desist from anything of the kind. The bonds are long since in the hands of innocent holders, and, if they were not, they could never reach them in this way. Some wily speculators have put the idea into the heads of the government lawyers and they, without knowing anything of its effect upon business, have made this attack. It will damage us hundreds of millions unless withdrawn at once. No man of sense would buy a railroad bond or anything else in this country if such legal proceedings are to be permitted under the sanction of the highest officer of the government.

He continued in his correspondence the next day:

It is a bungling, wicked way, and a raid on the part of the government on this institution that it ought to be ashamed of. Besides the precedents at the Treasury Department are well known and fixed that a coupon bond cannot be inquired into, that a coupon is like a bank note, passing from hand to hand and no questions asked. This must be the case in regard to coupon bonds or the market abroad and at home will be destroyed at once.

Thus did the spring months pass with a continuance of many unpleasant rumors and predictions by the Phil-

istines. Several times they had the road in bankruptcy. Henry E. Johnston wrote on February 18, 1873:

Things have all militated against us — this dirty U. P. business, the severity of the winter and its resulting loss of life that the press has so exaggerated and the extremely tight money market all conspire to defeat sales of seven-thirties. The question has been asked if the road is not completed within the time allotted by its charter whether the company's title to the lands will be affected, etc., etc. It keeps us busy answering cavils and quibbles all the time, but we hope for the good time coming.

On January 14, 1873, the New York *Herald* had an article headed "Financial Embarrassment of Northern Pacific R. R. Co." In April, a Harrisburg banker wrote to ask if there were any truth in the report that the road had "gone up." When Jay Cooke and Company were seeking the contract to fund $300,000,000 more of the national debt, the Morton and Drexel influences caused it to be published, that their rivals needed this arrangement to bolster up their credit which had been impaired by the connection with Northern Pacifics. While Jay Cooke and Company had their private wires and telegraphed in cipher, it was impossible fully to conceal the true state of affairs, especially as the partners were not cordially supporting the head of the firm, and innuendo and allegation made much more difficult, when it did not entirely prevent, the realization of Mr. Cooke's plans.

He himself, kept up an unfaltering courage. In a letter, marked "private," to an agent at Tiffin, Ohio, Mr. Cooke wrote on March 3, 1873:

Yours of the 1st received. I have been accustomed all my life to endure just such attacks, and during the war Copperheads and rebels frequently did worse things than this, even to threaten-

ing life. I pay no attention whatever to such attacks, and if the Northern Pacific and my own personal character, and that of my firm is not in the minds of any of its friends secure from any effect of such attacks then we will have to bear the brunt. If we should spend our time in attempting to argue with these irresponsible writers and various blackmailing and wicked sheets that attack us, we might as well give up all other business. . . . The big apple tree with the fine apples on it must be pelted more or less.

To an agent in Shelby, Ohio, in answer to further complaints from that quarter in reference to the behavior of the newspapers, Jay Cooke wrote:

It is too bad that these newspapers are permitted by the law thus to interfere with great public works. All this, however, will soon pass away with the brighter spring weather and the large showing of business this summer on the Northern Pacific (they will have the government business). Your customers must be very easily frightened if, with a land grant bond on their hands for which they can get land at any moment ten per cent. better than they can buy it for greenbacks, and with parties connected with the enterprise who have never yet been known to touch anything that was not right and good and successful, they should allow the squibs of a mere rambling writer to influence them in their calm judgment. As we understand it, one of the accusations is that Jay Cooke and Company are making millions out of the road. We do expect to make a good deal of money by the enterprise, but how this making of money is to embarrass J. C. and Co. we do not exactly understand. It is quite laughable. We think the best way to counteract the influence of such raiders is to let them raid on until they get tired. Our experience is that nothing is gained by touching pitch.

To M. C. Hazard, who was met with difficult inquiries while afield selling shares in the Northern Pacific syndicate, Mr. Cooke wrote on May 31, 1873:

No one pretends to believe that the road will earn enough

money for the first two or three years to pay its interest fully, but it will have to be raised just as all other roads raise their interest — from the sale of bonds, land sales, earnings, temporary loans, income bonds, second mortgages, stockholders, etc. . . . We do not anticipate any trouble on this score and have several plans for next winter's operations even if the government should not endorse the bonds which we have no doubt will succeed. Let not this idea then disturb you. Of course if the skies fall and the world comes to an end, terrible things will happen, but you have seen enough of the progress of railroads in this country — not one of which has half the basis that ours has or anything like as good a body of stockholders, not to indulge in any such gloomy forebodings. . . . I myself have been too long accustomed to navigate in the world of finance and railroads to be willing to conjure up beforehand bugaboos of this kind.

It is interesting to note in his letter books Mr. Cooke's attitude in 1873 toward those who consulted him regarding the investment of their small hoards. He was not unqualified in his recommendations to such inquirers. On January 7, 1873, he had his secretary write to Rev. Aristides Smith, as follows:

Your letter to Washington City has been forwarded here for reply. You are a splendid writer for an old gentleman of sixty-four. Mr. Cooke desires me to say in reply that his advice always is not to put all the eggs in one basket, however good it may be. He has perfect confidence in the Northern Pacific bonds. They are receivable for lands at any moment at ten per cent. better than you can buy the said lands for greenbacks. Your own good sense will show you that a bond thus secured and thus receivable cannot be a bad investment even though the skies should fall. If you have but a small amount of money, you should, in the exercise of common prudence, put a portion into something else. Mr. Cooke himself personally would not hesitate to put all that he has in the world into Northern Pacifics, although he don't advise any one else to do this.

On March 7, 1873, Jay Cooke wrote to another inquirer:

If you are able to run the risk of $10,000 in any one investment we should certainly say that you could not do better than to take $5,000 more of the Northern Pacific. Our idea is that no person ought to put everything he has into one thing, but to divide it up into two or three, if possible, equally good things; and while we ourselves would be willing to put a large proportion in the Northern Pacific, yet when asked our opinion we always observe the above rule as a matter of business and not because we have not the utmost confidence in the stability of the investment. . . . Should anything happen to the road the holders of these bonds have a security not usually enjoyed by the holders of other investments; viz., good lands to fall back upon at a fair cash price.

Of these lands he wrote to another dubious investor, on March 15, 1873:

There is not the slightest probability of there being any cessation in the legitimate demand for lands unless the world comes to an end. The progress of empire is westward. Nearly all the good lands are gone in Iowa, Kansas, Nebraska and Wisconsin, and many parts of Minnesota.

On January 30, 1873, Sam Wilkeson wrote to Jay Cooke:

I have been subpœnaed in the Greeley will contest. I have got to go to White Plains or else be carried there under arrest. Among the questions that will be asked of me is "No. 3. What is the value of Mrs. Greeley's interest in the Northern Pacific Railroad enterprise?" I had made up my mind to swear that it was worth $10,000. My testimony will be reported, of course, and published throughout the country, and I can conceive that every word I say about this enterprise had better be well weighed. So my friend, considering the interests of your "pool" and everything, tell me what you think Mrs. Greeley's $10,000 interest is worth?

To this letter Mr. Cooke made the following reply:

Dear Uncle Samuel:

Yours of the 30th received. It will do you good to go out to White Plains provided you don't swear too hard about anything. Whitelaw was down at the office the other day to sell this interest for the daughters. I telegraphed over to him that we would take it of him at the face, but that I thought when it was properly represented to the young ladies they would not thus reflect upon the judgment of their father by disposing of that of which he thought so highly. I would say nothing more than the following, viz., that it is now bringing an income, and that it can be sold at once for $10,000, but no more. After the bonds are all paid off and the road completed the stockholders will have the residuum and they think it is one of the best investments and will be one of the best stocks in the country. That will be enough to be said. We will give $10,000 for the interest as it stands taking in the Puget Sound stock (if they want the cash) but no more.

In spite of all the discouragements and defeats of the past three years in Europe, Mr. Cooke had not given up hope of succor from that quarter. A striking exhibit of grains, fruits and minerals from the Northern Pacific belt, together with a great map showing the route of the road had a prominent place at the Vienna Exposition of 1873, where the enterprise was being eloquently advertised. When there came to him those who promised that they could succeed where so many others had failed, if there seemed to be the least reason to think them sincere, he commissioned them to go forward and do what they could. M. E. O. Engelbronner, a Minnesota land agent; a Mr. Jaroslawski, a European newspaper correspondent, and others went abroad empowered to discuss the question with financiers. Lycurgus Edgerton promised to place some of the bonds with European bankers. Mr. Cooke may have been

skeptical of good results in any of these directions, but he was certain that his friend Cattell, after he had made the acquaintance of Baron Rothschild in London, in the course of the funding business, would effect some arrangement with that house which would relieve the company's wants. It was, he wrote, like having a member of his own firm at the great Jewish banker's elbow.

The death of Chief Justice Chase in March, 1873, made his life almost co-incident with the glory and power of Jay Cooke and Company. Henry Cooke wrote his brother on May 7th, as follows:

> We are all grieved at the announcement of the death of our dear friend Governor Chase, but not surprised. He left here Saturday morning intending to see you in Philadelphia that day and after visiting New York to go west to Colorado. He was in the bank Friday evening about five o'clock and spent over half an hour with me paying an installment upon his note and interest to date, and arranging some other matters. He remarked upon the firmness and clearness of his signature and spoke of his good health. He has not looked so well for a year past as he did then.

The body was taken to Washington, and Mr. Chase's two sons-in-law, Senator Sprague and Mr. Hoyt, arranged for its temporary interment in the family lot of Henry D. Cooke. Then the latter came to Philadelphia with Senator Sprague to open the Chief Justice's safe in the vaults of the Fidelity Trust Company, to find that he had been designated as one of the executors.

It may be certainly stated that no banking house in this country, ever had business relations with so many distinguished men as Jay Cooke and Company. They were at this time still carrying the accounts of a num-

ber of prominent politicians and editors under promises made to them, when they entered the "pool." The sum thus advanced had amounted to nearly one million dollars in 1871.[1] On April 7, 1871, Vice-President Colfax had written to ask for a loan which would enable him to meet his Northern Pacific assessments: "Unfortunately I am 'short' just now," said he, "as my salary don't pay my expenses. I am usually so when I settle up my bills for the session and start home." Again on March 26, 1872, he wrote on the same subject: "Not having calculated on these installments, I shall be short financially till I get away from here in June, as here, as you well know, my expenses exceed my salary." He asked that he be allowed to postpone his payments until July.

Every effort must now be made to call in these loans and the subject was attacked vigorously in 1873, for the firm felt the need of making available every dollar of its resources. To Tenney, in charge of the Washington office, Jay Cooke wrote on April 12, 1873: "Blaine will be a hard nut to crack. He ought certainly to pay the note as the loan was too much on such a property. But you will have to be very careful not to offend him. He is figuring for the Presidency. Has he paid his interest?" Henry Cooke, as the Governor of the District of Columbia, had involved the firm in the finances of the politicians, who were extravagantly expending money to improve the appearance of Washington city. That it needed beautification was certain, but Jay Cooke was determined that it should not be done at his cost. The firm had no money to lend on accounts which would not

[1] J. C. to A. H. Barney, November 2, 1871.

be promptly paid, and he wrote to his brother Henry, on February 19, 1873:

I am in continual fear in regard to this whole matter of the District and your connection with these people. They will line their pockets and the odium will fall upon you. I wish you could get out of the whole thing at once, if possible. On the 4th of March you can very readily retire and let the President put some one else in your place. Why don't you do this? You will have more peace and more leisure. You have had all the glory that can come from it and can give the best of excuses — that you are overwhelmed with other business. . . . I hate to say anything about it, but we must husband our resources, and it will not answer to have a single dollar locked up in anything that is not available.

On April 1, 1873, he again wrote to the Governor:

Not one of your partners, my dear brother, dreamed of your taking such a position in the Board of Public Works as has been forced upon you. They simply looked upon the governorship as redounding to the honor of the firm (more in Europe than in this country), and as a temporary availing of such a position to favorably affect our house abroad. We did not dream of your time being occupied in negotiating loans and in financiering for an immense set of public works or in mixing up with money matters in any shape whatever. All that has occurred is entirely contrary to our thoughts. Therefore you should not say that you entered upon these things with our advice. . . . I rely entirely upon your promises to resign the position as soon as your legislature meets and you can send in your accounts. You can do it now with honor and credit. Your health requires it; your partners have a right to request it; and you must, my dear brother, have instant relief from the cares and anxieties which perplex you.

Jay Cooke desired his brother to seek a diplomatic post, perhaps at Brussels or the Hague. "Don't fail to see Grant about it at once," he wrote in March; and in

May when he heard that the Russian mission would be available, he suggested that the Governor go to the President, and procure the appointment to St. Petersburg.

The summer wore on without improvement in the monetary outlook. The failure of the government funding syndicate operations which Morton and Morgan had attempted to manage jointly with the Cooke houses, may have been the index of disordered financial conditions as well as of unsuitable and mixed direction from which no good result could be expected. What was cause and what was effect is not readily determined, but there remains the undoubted fact that the event increased neither private nor public credit. Railways were still the bane of exchanges and banking houses and that a great number would need to be reorganized at an early day was becoming more and more obvious. One who had been traveling in Germany, wrote home from Frankfort-on-the-Main, that an American railway bond "even if signed by an angel of Heaven would not sell." [1]

The Northern Pacific syndicate was perfected, but without bringing to the road very much new or strong financial support. A large share of the nine millions remained in Jay Cooke's hands, so that the arrangement did not change the problem which still was—to find a way to sell bonds to those who would not have them. Nevertheless the great banker was not ready to surrender and confess defeat, and few complaints and annoyances escaped him. "I grieve that you should have so much anxiety on account of the N. P., knowing that in great part you went into the enterprise for your brothers' sake," wrote Henry Cooke on June 20, 1871,.

[1] *Public Ledger,* August 30, 1873.

"but I feel as you do, an unfailing confidence in the God in whom we put our trust. I do not believe he will desert us." [1]

But Jay Cooke, though of the deepest religious convictions, never placed too much reliance in the doctrine of Divine intervention unassociated with very active endeavors through human agency. He may have foreseen the contingency which soon arose, as there are evidences that he was not too certain of the men who surrounded him. It was scarcely conceivable that they would take matters out of his hands, and yet there was a lurking suspicion that they might at some time betray him at an unguarded point. Hugh McCulloch announced that he would come to America on a visit. "What can he be coming for at this time?" Mr. Cooke asked Fahnestock.

Early in September, there was renewed excitement in the money markets because of the operations of the gold clique, "headed by that consummate master of speculation, Mr. Jay Gould." [2] Suddenly the "ring" collapsed and the news was greeted with much satisfaction. It was supposed to augur much good for the future. "It would be well for all our markets," said the money editor of Forney's Philadelphia *Press* in referring to Mr. Gould, "if that Mephistopheles of Wall Street were to take a quiet sojourn on the banks of the Rhine, and he would do this country a special favor if he would allow the visit to extend over a period of a third of a century. In fact, if our business men were

[1] "I long for a few less cares, but God knows why I undertook the N. Pacific, viz., principally for my brothers."—J. C. to H. D. C., June 15, 1871.

[2] Phila. *Press*, September 8, 1873.

called on, the means to accomplish so desirable an end would be speedily forthcoming." [1]

Favorable expectations were not met for money was scarce and it bore a high rate of interest, so that borrowers who needed it were in a good deal of distress. Nevertheless there had been such pinches before, and within very recent times, so that the condition of affairs caused no special uneasiness. The partners had been called to Philadelphia for a conference, and they had agreed that no unusual measures need be taken, going back to their respective houses without a serious suggestion of anything but a determination to work together for the discharge of all the firm's obligations, as they arose from day to day. A large remittance on the naval account at the London house had been expected for some time. It was about to be received and would materially add to the firm's resources.

On September 8th, the New York Warehouse and Security Company, and on the 13th, Kenyon Cox and Company, a firm in New York with which Daniel Drew was associated, suspended. It was rumored persistently that the well known house of George Opdyke and Company was on the verge of failure. All these firms were interested in crippled railroads. Indeed the air was filled with rumors concerning the corporations which were engaged in laying iron tracks in the United States and Canada, and the financiers who were selling bonds and supplying funds for these roads. Wednesday, September 17th, was a very unsatisfactory day in the New York Stock Exchange, the "bears" having "hammered the list," with notable success; but there

[1] September 10, 1873.

JAY COOKE

From a photograph by Mary Carnell

had been a rally in the afternoon, careful investors were supplying themselves with stocks at the lower prices and confidence seemed to be returning.

On the night of the 17th, President Grant arrived at "Ogontz," having come to Philadelphia to place his son, Jesse, upon Mr. Cooke's advice, at school in the Chelten Hills. A private telegraph wire connected the mansion with the outside world, and despatches of an agitated character came over it from New York on the morning of the 18th, while Jay Cooke and the President were still at breakfast. They soon took a carriage for the railway station, General Grant going west and narrowly missing a serious wreck of his train near Tyrone, Pa., while Mr. Cooke proceeded to Third Street. He issued his directions with his usual spirit and decision. The house, of course, had seriously and very dangerously burdened itself with collateral which was at this time practically useless to it—the bonds and stocks of the Northern Pacific, the Lake Superior and Mississippi,[1] the Oregon Steam Navigation and allied railroad and land companies. Moreover the New York partners had been dealing largely in railway iron and much money was rendered unavailable through this cause.

Mr. Moorhead was in New York at this time, and

[1] "The office in Philadelphia is carrying a pretty heavy load in Lake Superior firsts and seconds and the various roads which Uncle William has agreed to build from time to time in connection therewith. Some of this load you are carrying in the shape of sterling. I have never yet agreed to any of these new advances and would not have taken more than one-third of the second mortgage bonds of the Lake Superior that we have taken, but he agreed to it in my absence whilst out west. . . . It is a big load, running up to 1½ million dollars at least. No doubt it was all done with the best intentions."—J. C. to Fahnestock, September 21, 1871.

one can well suppose that Mr. McCulloch, then on the sea had earlier been conferred with. It is said in the New York *Tribune*, that Mr. Fahnestock drew to his office a number of prominent bank presidents. Enforced by their advice he closed the doors of Jay Cooke and Company, in that city. The clock had not yet struck eleven. Business had not fairly begun either in New York or Philadelphia, and Mr. Cooke was in the midst of his labors to furnish his partners the relief which they sorely required. He read the despatch announcing the suspension in Wall Street, sorrowfully ordered the doors of his Third Street house to be closed also, and then as he turned his face away from the men who surrounded him, the tears streamed from his eyes. It was an unusual sight. No one in his office had seen this great strong man, the pillar of a nation, weep. But it was soon over. He gathered together his physical and mental forces, and was ready to attack the tasks which this surprising act imposed upon him.

The Third Street doors creaked, and were swung shut about eleven o'clock, and the Washington house and the First National Bank of Washington followed at 12.15, acting in response to advices from the north which Governor Cooke did not hesitate to say, were quite inexplicable to him. So little warned was the Governor who had just resigned his office, to be succeeded by Alexander R. Shepherd, that he was about to be tendered a complimentary banquet at Willard's Hotel, by the leading citizens of Washington, which was to be presided over by General Sherman.

The ensuing excitement is not easily described. "A financial thunderbolt," said the New York *Tribune*.

"Like a thunderclap in a clear sky," said the Philadelphia *Press*. No one could have been more surprised, said the Philadelphia *Inquirer*, if snow had fallen amid the sunshine of a summer noon. The news spread like fire on one of the Northern Pacific's own dry prairies. The building at Wall and Nassau Streets in New York was surrounded by a crowd of men, women and children, who were shouting and gesticulating wildly. They crowded into the basement, peered into the windows, and insultingly accosted the partners and clerks if they ventured out of the building.

When the suspension was announced in the New York Stock Exchange by the President, a brief silence ensued. Then there was "an uproar," said a journalistic eye witness, "such as has scarcely filled the Exchange since it was built. Messengers fled every way with the story of ruin, and down came the stocks all along the line." Western Union lost ten points in ten minutes; fractions were not recognized in the haste to sell, and the Exchange became a mob, the members jostling each other, and screeching their commands in the midst of pandemonium. Fahnestock explained to the newspaper men that the house could no longer stand under the rapid withdrawal of its deposits, and the great drain upon it from Philadelphia, on account of the Northern Pacific Railroad, which he had "never thought much of anyhow." [1]

In Philadelphia the news reached the Stock Board in a brief despatch from the New York Exchange; "Rumor on Street of the failure of Jay Cooke and Company." In a moment the report was denied, but in a

[1] New York *Tribune*.

little while came the definite announcement: "New York, September 18th, Jay Cooke and Company have suspended." Almost the entire Board rushed into Third Street, and up to Number 114, only to find that the report was true. Two or three blocks away a little newsboy who shouted an "extra"—"All about the failure of Jay Cooke"—was arrested and taken to a "station house" by a policeman who was not early apprised of the disaster, so wholly unbelievable did it seem to be to all classes of the people. As the news spread the crowd in front of Jay Cooke and Company's increased, and officers were plentifully stationed in Third Street between Chestnut and Walnut to keep it from breaking into the banking house.

In Washington, Fifteenth Street was thronged. The clerks streamed out of the government offices, and a criminal court was adjourned during a murder trial,—judges, lawyers, witnesses, spectators and all rushing for their hats when they received the news, to join the crowd which pressed about the bank building.

Jay Cooke called upon John C. Bullitt for legal advice, and posted upon the portals of his Third Street house, the following notice:

To the Public:

We regret to be obliged to announce that, owing to unexpected demands on us, our firm has been obliged to suspend payment. In a few days we will be able to present a statement to our creditors, until which time we must ask for their patient consideration. We believe our assets to be largely in excess of our liabilities. JAY COOKE AND COMPANY.

Mr. Cooke affably received the newspaper men who came to interview him, but they were compelled to be content with this simple statement:

You can announce that the firm has temporarily suspended. Please state also that I believe this house will speedily be relieved from embarrassment, and that to this end, if need be, every dollar of the means possessed by the members of the firm will be applied. No one who has a dollar on deposit here will lose it. Every liability will be faithfully discharged. I can say no more now.

He did intimate, if he did not say more to some of his friends in the *Inquirer* office, for in response to the "I told you so's," of many that journal remarked: "These persons were able to see more than was Mr. Cooke himself, who has the name of being an unusually sharp-sighted gentleman, for he could scarcely assign a reason for the sudden calamity, even when the serious fact of its existence was forced upon him."

There was but one note everywhere—surprise mellowed for the most part by sympathy, conveyed to him by post and telegraph from many sides. The failure was the leading item of information offered to their readers by the newspapers, and in long editorials they very generally deplored the catastrophe.

The Philadelphia *Press* in a eulogium of the house said:

> The most enterprising and renowned of American monetary institutions, its name was everywhere the synonym for strength and solidity. An hour before its doors were closed, the Bank of England was not more trusted. The disaster was as unexpected as an earthquake is to-day.

The New York *Tribune* said:

> Nothing can wipe out the debt the country owes the patriotic and marvelously energetic bankers, who in the darkest hours of our Civil War popularized the great loans and furnished the money to pay our soldiers; nothing can obscure the fact that

the very enterprise which has finally dragged them down was of national concern. Whatever may be the result of the crisis in Wall Street, we shall regard the disaster to Jay Cooke and Company as nothing less than a public calamity.

The Philadelphia *Inquirer* said:

Its strength was a matter of personal pride; its history was national fame; its chief a representative man among us. His bounty was wide as the world; his application of it limited only by deserving want. He was a man of such unconquerable integrity that yesterday when it was rumored he had failed for scores of millions, not a single whisper of dishonor was heard against him or his house. . . . Whoever says, as some did say yesterday, that the disaster was owing to gold or stock gambling says that which is not true. The house suspended because its chief essayed to assist to a successful conclusion, the great Northern Pacific Railroad. Had it succeeded in thus connecting by a new line of rails, the two oceans the honor of doing so would have been equal to what it achieved in placing the great war loans, for it is a work for the common good of the country and of humanity. It was a scheme of such imposing importance as to be worthy to enlist the genius and sympathies of so public spirited a man as Jay Cooke.[1]

Among those who at the earliest possible time found their way to Mr. Cooke, were his old friends, the Clark "boys." "My dear fellow, why didn't you tell us of this? You should have had all that we could give you," said they. Mr. Cooke replied that he had not told them of his difficulty, because he did not know of it himself. His New York partners, without consultation with him, had closed the doors of his house in that city, in a moment depriving him of credit that no act of his now would enable him to regain.

E. W. Clark and Company followed at 1.30 o'clock,

[1] September 19th.

and their suspension added to the amazement of the people. All afternoon, there were persistent rumors of the failure of Thomas A. Scott, himself at the time in Switzerland. This complication affected the credit of the Pennsylvania Railroad, and unsettled the value of its shares, until the reports were denied upon the very highest authority. A few smaller firms succumbed during the day in Philadelphia and two, just before the closing of the Board in New York,—Robinson and Suydam of which little account was made, and Richard Schell, a broker of influential connections which brought him close to the Vanderbilts.

The excitement did not end with the coming of night. The crowd lingered in front of Jay Cooke and Company's Third Street bank through which the government had secured so many hundreds of millions of dollars for the Civil War. It had never been a handsome or even a comfortable banking house. Wharf rats as long as the forearm of a man crept up the culverted channels of Dock Creek, to run through the apartments almost at will. Light and fresh air were not abundant. In there now the clerks were at work under the gas jets straightening out the firm's accounts. A reporter who knocked at the massive doors with the walnut panels, which would never reopen for Mr. Cooke, to ask for the famous financier was met by a porter, who peered out of a little diamond-shaped aperture, to be told that he had gone home for the night. He was a very worn, tired man. He had driven to "Ogontz" by an unusual and devious route to avoid unpleasant public scrutiny, a policy which he followed for many days. Members of his family say that he affected much light-

ness of heart, as had always been his way, to support them as well as himself under severe trial. They would not have been surprised, if he had broken down mentally under the burden, and once when he passed a remark which indicated abstraction, and they looked at him anxiously, he said as quick as a flash: "You thought I was a little absent-minded then, didn't you?" He was as keen and alert as ever, ready for all the great tasks and problems which were to come.

In New York the centre of debate and agitation was the Fifth Avenue Hotel, where on the evening of the 18th, the corridors were crowded with bankers, brokers and speculators. The Stock Exchange had adjourned to that hotel. What of the morrow? Who would be the next to fall? were the topics in each mind, and upon each tongue. The same discussion went forward in the clubs and wherever men congregated.

The next day was Friday and suggested many ominous things. Would it be another Black Friday? It proved to be that for a verity. Ruin early began with the suspension of the great house of Fisk and Hatch, Mr. Cooke's faithful agents during the Civil War. They had calls upon them for $1,500,000 in the first fifteen minutes after opening their doors, and at once closed them again, the failure being ascribed to Collis P. Huntington's Central Pacific Railroad and the Chesapeake and Ohio Railroad, particularly the latter as the firm was in the midst of its financial arrangements in behalf of that corporation. During that eventful day, a score of firms suspended in New York, and a dozen larger and smaller houses succumbed in Philadelphia. The bank in Philadelphia, however, upon which the

maddest run was made, its depositors seeming to be determined to accomplish its ruin, weathered the storm. This was the Fidelity Trust Company, with which the Clarks were officially connected, and it was known to have close affiliations with them and Jay Cooke. The President, N. B. Browne, had anticipated the assault; indeed numbers of people assembled in front of the building early in the morning, filling Chestnut Street from Third to Fourth, so that the police must intervene constantly. The crowd set their eyes upon the marble pile as intently as though they expected it literally to "burst up," and explain the meaning of that serviceable colloquialism. When the doors swung open at the stroke of the hour upon the bell in the State House tower, the crowd pressed in, each depositor claiming the money he had placed in the institution for safe keeping. Mr. Browne was fortified by loans which he had made, and the trust company had the cash in hand to meet the demands of all who came. In a few hours, nearly one million dollars were paid out over the bank's counters. It passed through its trial and was still solvent, an event which added much to the general composure in Philadelphia.

Reassurance of no kind came to the troubled money centre in New York, where the third day opened in continued panic. Two national banks and two trust companies succumbed. The Lake Shore Railroad failed to pay a call loan of $1,750,000, and the Union Trust Company allied to the Vanderbilt interests closed its doors, after withstanding a prolonged run. The National Trust Company had $800,000 of government securities in its vaults, but not a dollar could be borrowed upon

them, and it suspended payments. Suspicion was universal; rumor affected nearly everyone. A little after noon the officers of the Stock Exchange closed it, a device unheard of in its history. The step had been taken, said the Vice-Chairman, when he was asked for an explanation, "to save the entire Street from utter ruin." Business would not be resumed until the danger had passed. Western Union stock had been offered at 45, without meeting a bid, and the experience would not have been better at 25. The Exchange was like a mad house, and the streets penetrating the financial district were crowded with distressed depositors of suspended houses, excited buyers and sellers of stocks and a horde of people drawn thither by curiosity, including many roughs and sneak thieves, through all of whom teams were passed from time to time to keep the narrow ways open for public use. What took place here as the scenes changed from moment to moment and from hour to hour, can be better imagined than described. It was Bedlam, the stabler elements in which at night were again transferred to the Fifth Avenue Hotel where President Grant, Secretary Richardson and several other officers of the government secured apartments, summoning "Commodore" Vanderbilt and a score of men who held leading places in the financial and commercial community, while a host who had not been invited to the conference, also came to add their wisdom to the general fund.

The prices of some of the leading stocks in the New York market had fallen $30 and $40 a share, as may be seen by this table, covering the fluctuations since the disturbance had begun:

	Sep. 4.	Sep. 20.
New York Central	104⅞	89
Rock Island	108⅞	86
Western Union	92½	54¼
Wabash	70¼	42½
Panama	117⅜	84
Central Pacific	99⅝	75
St. Paul	51	30
Hannibal and St. Joseph	48	19
Northwestern	63	40
Harlem	130¼	100
Union Pacific	26¾	18
Ohio and Mississippi	38¾	26½

Railway bonds had of course suffered proportionate shrinkages. Stocks and bonds of uncompleted roads which were involved in the fate of the suspended houses had for the time being practically no quotable or salable value. The newspapers were generally agreed that the cause of the panic was a lack of money and many bankers, most politicians and the bulk of the people at large undoubtedly shared this view. This is the first and most obvious reason for all financial disasters. The country had expanded and the work of money was greater while its volume had not been properly increased. That some temporary relief would come through the remedy that all prescribed was certain, both actually and sentimentally in calming the minds of those whose trouble was hysteria. The President and the Secretary of the Treasury determined upon purchases of five-twenties at the market price and thus from Saturday the 20th to Wednesday the 24th, released about $13,000,000 of greenbacks through the Assistant Treasurer in New York. The Associated Banks issued a few millions of certificates through their Loan Committee, which served

instead of currency and lessened the strain upon the regularly established monetary system. After having safely passed through the days of severest stress, on Tuesday, the 23d, Henry Clews and Company suspended This firm, as Livermore, Clews and Company, while Mr. Livermore was at its head, like Fisk and Hatch, had been prominent among Mr. Cooke's New York agents for the war loans and the failure caused fresh unsettlement..

General Nettleton was in the West at the time of the failure. He wrote to Mrs. Nettleton from Philadelphia on September 22d:

I left Sandusky for Philadelphia Wednesday evening the 17th, without having any intimation of the impending trouble. Passing through Pittsburg Thursday noon, I went to bed after leaving Altoona, arrived at the West Philadelphia depot at 3.45 Friday morning, but remained in my berth till 6.30, when I started for the office on Third Street. The hour was so early, that few persons were on the street, and as I passed the doors of the banking house to enter the stairway leading to my (Northern Pacific) office on the second floor, I glanced casually toward the bank window and saw the usual watchman sitting on the counter inside. I passed up stairs intending to put in a long day in catching up with my accumulated correspondence, seeing people with whom I had appointments, &c. Entering my side office and sitting down at my desk, the first person I saw was our janitor William, who took pains to hand me the latest edition of the previous evening's paper. My eye at once rested on the staring head-line —" Suspension of Jay Cooke and Company!"

If I had been struck on the head with a hammer, I could not have been more stunned and devoid of ideas! I rubbed my eyes to see if I was quite awake, and finally sat down and read through the despatches from New York and the statements of the Philadelphia reporters. Shortly afterward clerks began to come in and I learned the whole story.

Well, so much for how I heard the news! My first step was

to telegraph you at Sandusky, not to be troubled about matters, as all would turn out right. Then after writing a short note of sympathy and encouragement to Mr. Cooke and the other Philadelphia members of the firm who were by this time in the bank, I wrote letters to the traveling loan agents and other employees under my charge (some thirteen or fourteen), thanking them for their faithfulness, &c., and saying their services could not be longer retained. (Salaries being all paid monthly in advance, they lose nothing.) After directing all advertising to be discontinued, and cutting off everything that involved expense, I devoted myself to answering the questions of anxious inquirers, and the ever-present interviewing newspaper reporter!

As the morning wore on, the crowd in the street in front of the office, and for several blocks either way in Third and Chestnut, increased, until passage was well-nigh impossible; very few depositors or creditors of Jay Cooke and Company were present, but nearly all expected a general smash among the banks, and the excitement was astounding. . . . The members of the firm did not expect the suspension twelve hours before it occurred. The storm struck them so suddenly and the demands for money from depositors were so very large that not an hour was given in which to effect arrangements for tiding over the emergency.

When the blow fell all were stunned, and it seemed as though the ground had passed from under foot and the stars had gone from the sky. Once having "touched bottom," once having fully taken in the situation in its length and breadth, all hands have rallied with magnificent pluck and faith, and gone to work like beavers to prepare a statement of assets and liabilities. This will be ready this week.

I have great hope that such a settlement can be made as will enable the house to resume business within sixty days and go on permanently — not, it is true, with all their old prestige, but with prestige and capital enough to insure, with prudent management, a solid and successful career. . . .

Saturday morning I went to New York to attend to matters of the house. The scene at the corner of Wall and Nassau Streets

I shall never forget. For squares in every direction the streets were a solid mass of black hats, and surging back and forth, while men gesticulated, shouted and rushed to and fro. The doors of Fisk and Hatch, E. D. Randolph and Company and Jay Cooke and Company, "all in a row" on Nassau street, were closed, and curious crowds were coming and going and gazing at the doors and windows. A "run" was in progress on the Fourth National Bank, across the way from Fisk and Hatch, and this redoubled the excitement. Long rows of anxious men, with checks in their hands, waited impatiently for their turns to come, and scores of panicky depositors constantly swelled the column. At noon all confidence in everything seemed gone, and six banks and eighteen firms had "gone up," and the Clearing House and Stock Exchange finally shut up shop for the day, and advised everybody to go home till Monday.

Mr. Cooke and his family bear the new state of things with admirable fortitude, propriety and good sense. At Mr. Cooke's request I have spent Sabbath at his home—"Ogontz," and I have been deeply touched by the family life under the changed circumstances. Not the slightest impatience, false chagrin, mock heroics, or loss of faith in Providence is manifested—only a manly, womanly and Christianly meeting of a great crisis. Jay Cooke is quite as great in calamity as in success and achievement.

We all hope and expect, as I have said above, that the house will be able so to arrange its affairs as to rally and resume business with a fair capital, and under reasonably favorable auspices. But even if this should not be, what Jay Cooke and his house have done for this nation, and what Mr. Cooke personally has done for every good cause that has sought his aid, can never be blotted from the history of our eventful times, or from the memory of grateful men and women.

The idea of a speedy resumption must soon be abandoned for the disorder was unexampled, and spreading to other parts of the country. Five national banks in Chicago suspended within a short time and there were similar failures and disturbances in financial circles in

all quarters. The New York Stock Exchange, after seven and a half days of idleness, was reopened on Tuesday, September 30th. Such trade in stocks as there had been during the period of its suspension was in the hands of the curb-stone brokers who added to the excitement in the streets in the financial district during this unsettled period. While the immediate prospects were not pleasing the regular business of the Exchange was resumed with a feeling of greater confidence which grew as the days passed.

Nevertheless the times were everywhere very unpropitious. Mercantile houses were gradually involved and their failure increased the distress which embraced all parts of the country, closed manufactories, shops and mines, deprived many of their accustomed employments, and pointed the way to a winter that was marked by retrenchment among all classes of the people, with much actual suffering in the homes of the poor.

Meantime Jay Cooke, McCulloch and Company continued to transact business as usual in London and announced that they would meet all their engagements upon drafts and letters of credit, successfully withstanding a heavy run on Friday when the news of the suspension reached England. It was foreseen that the house, deprived of its influential American connections, if it could live through these September days, would gradually liquidate, and its approaching end formed a pleasing text for the anti-Grant newspapers. Clews, Habicht and Company, Henry Clews's London branch, had obtained the State Department account which, like the Navy account, was earlier held by the Barings. The giving of such favors to these "mushroom" houses was

but one more evidence to the New York *World* and other newspapers of Grant's method of overturning safe and settled systems in order to promote the interests of his friends.

There was early much curiosity to know how the government had fared by the failure of a firm which had long stood in such close relations to it, and Secretary Richardson at once announced that in syndicate matters far from being a loser, he was indebted to Jay Cooke and Company for bonds which he had not yet delivered aggregating from $100,000 to $250,000, while Senator Cattell telegraphed from London further to calm the public mind: "The syndicate account is in perfect order. There is universal kind feeling toward Jay Cooke, McCulloch and Company, who continue business as usual." As for the naval remittance the government stopped the payment upon the draft which had just gone forward, although Jay Cooke and Company stated that if it had been received they would have returned it before it had become involved in their misfortunes.

Efforts were speedily made to restore the affairs of the house to some degree of order with due regard, under Mr. Bullitt's direction, for the provisions of law affecting firms which suspend payments to their creditors. In a short time the following statement of assets and liabilities was prepared and published:

LIABILITIES	$7,939,409.26
ASSETS.	
Bills Receivable — Bank, insurance and other stock, bonds and real estate	7,867,640.12
Loans to Northern Pacific on $3,750,000 stock of Oregon Steam Navigation Company	1,500,000.00

Loans on Northern Pacific on bonds of the company	4,068,215.09
Second mortgage railroad bonds, stocks, etc.	2,530,356.96
	$15,966,212.17

This showing was esteemed to be very favorable, for it indicated that Jay Cooke and Company had enough assets to discharge practically all their debts without recourse to the collateral of the Northern Pacific and its allied companies, a fact which attested at once to the truth of Mr. Cooke's own statements that the estate would fully recoup its creditors.

The fate of the railroad was now very problematical, and as it had obviously caused Jay Cooke's failure it was assumed that this event would in turn cripple the Northern Pacific corporation. Indeed there could be no other conclusion, and even those bankers who had antagonized the road's famous fiscal agent were willing to proclaim that if Mr. Cooke could not build it it was an impossible task. General Nettleton issued a statement in behalf of the trustees in which he said:

> The intrinsic worth and ultimate security of Northern Pacific bonds have not been impaired by the panic. All the property pledged for their redemption still exists. The most unwise course possible would be to attempt to force these bonds or any other railroad securities on the market during the present period of depression and alarm.

General Cass caused it to be understood that other financial sponsors for the road would be found at the earliest opportunity, and the laborers at work upon the western section which would soon bring the line to Tacoma continued in their places as before.

We can clearly see that all things favored a great

panic at this time. The disorders in public finance and the multiplicity of railway enterprises with scheme upon scheme for selling their bonds made it difficult to go farther by any conceivable device without an overthrow and a reconstruction. One card falling, the entire house which had been erected in a time of chimera and hope was ready to collapse. Perhaps it was only a question as to which firm should go first. At any rate, later events disclosed a general weakness and vulnerability in the financial organization which, as we look back at this distance make a panic of some kind in this period of the nation's fiscal and industrial history seem quite inevitable. It is probable that the dire result had been postponed as long as it could have been, but however this may be—and it will long remain a subject for animated discussion—the immediate responsibility for what developed into an unprecedented economic catastrophe rests with some of the minority partners of Jay Cooke and Company.

To suspend without the consent of him whose name the firm bore, and who was, and ever had been, its chief in the fullest sense of the word, will always seem like an extraordinary action, especially as we are without evidence of very large new demands upon the house. Its credit and that of the railroad it was endeavoring to build were under attack. Nevertheless it was not the subject of unpleasant rumors at this particular time as was Mr. Opdyke's firm. However much some of Mr. Cooke's envious rivals may have wished him misfortune his houses were believed to be too strong to fail, as is evidenced by the surprise which the news evoked on every side. Jay Cooke and Company of New York was

the first house to close its doors. There had been no failure which properly belongs to the panic series until the announcement of this suspension, and if the event could have been avoided or postponed by any possible exertion, certainly it should have been put forth gladly and loyally. Mr. Cooke himself did not feel that he was ready to fail—his large holdings of real estate were unencumbered and no call had been made upon the fortunes of his partners—but Mr. Fahnestock and Mr. Moorhead knew that he would never be ready and, taking all into their own hands, assumed the immediate responsibility for what became one of the greatest of American economic disasters. The spark for a terrible conflagration could not have been applied at a better place than in Jay Cooke and Company's house, and this heroic and picturesque financier, who had been in the midst of all that was largest in success, was at once the central figure in one of the grandest of wrecks.

CHAPTER XIX

PERSONAL CHARACTERISTICS

While Jay Cooke was naturally a marvelous financier who could not have been kept out of the barter and commerce which are the economic basis of our human society under any conceivable circumstances he was much else besides, as must have become clear to readers of the chapters which have preceded this one. Though he could not have been prevented from making money, if he had been cast like Selkirk upon an uninhabited isle of the seas, it was no dull selfish quality of mind and he would have scorned pecuniary gain from sources whereby some of the great fortunes of this day are accumulated. It was not money for its own sake which impelled Jay Cooke to his large financial adventures, but first of all a natural love of devising and developing vast processes nurtured in a brain incomparably fertile of resource, bold of design, keen in insight and resolute of purpose; secondly, the desire to be identified with enterprises which meant much to his country and his kind; and thirdly, the wish to have at his disposal the means to dispense good, simple, honest, human cheer to the members of his family of every degree of relationship, his friends and the poor and distressed who came his way and who always received from him in money and goods and kind words up to the full measure of his abilities.

No man who has had closely to do with the finances of

the United States merits a place beside Jay Cooke except Robert Morris and the two men, one the financier of the Civil War and the other of the Revolution, have some points in common. The services of both were indispensable to the causes which they respectively espoused. Both were firm patriots and could not have been turned from their ways. Each had confidence, daring and vast energy; each was entirely honest and clear of corrupt intention or a disgraceful thought, yet neither escaped the charges that are made upon the honor of the public's most useful servants in a democracy. $50,000 in Morris's hands were about equal to $50,000,000 in Jay Cooke's, so enormously had all our ideas and needs changed in eighty years, and the task of assembling the smaller sum in 1783 was probably as great as the work attendant upon the collection of the large amount in 1863. Both had imagination without which we cannot conceive of their success and both in the end succumbed, the victims of that quality of mind which had made them indispensable to the nation while sanguinely speculating in American lands under the patriotic conviction that no event could intervene to retard the regular and rapid development of the country in material wealth.

Furthermore both were helped to their downfall by the Napoleon family, Morris by the first Napoleon, who overturned all financial arrangements at the end of the eighteenth century; Cooke by the third Napoleon, who marched his squadrons into Prussia and precipitated war at the very moment when the Northern Pacific railroad was about to obtain a loan which would have saved it from the ruin that ensued. Both men were impeded in the end by large and costly mansions, Morris by a

marble palace in Chestnut Street in Philadelphia, Cooke by his great house and its *ménage* among the forest trees in the Chelten Hills, eight miles from the city. Both financiers in the day of trial found that the value of their labors had gone out of the public mind, because the people do not understand finance and idly imagine that those who serve them in fiduciary capacities are sufficiently and perhaps excessively rewarded by commissions and other gain. One was sent to prison for three years until a national bankruptcy law could be passed, and the other might have been but for the advance of civilization in eighty years and the fortunate abolishment of many legal barbarities. Mr. Cooke suffered because a national bankruptcy law could not be amended or repealed and the influence of neither man, once overwhelming, could avail to make legislatures see the expediency or justice of performing a trifling act to cheer in adversity the lives of them without whom those legislatures would probably have had no existence. And finally the name of neither financier has outlived the nation's ingratitude. Their deeds are uncommemorated while dozens of men in the Revolution, who but for Morris would likely have been hanged as traitors, and an equal number in the Civil War, who but for Cooke might have been assigned to much smaller places in American history, stride down the centuries the heroes of every school boy.

The two men have their marked differences of course, many of which may be ascribed to the times in which their lives were cast. Without doubt Morris more deeply concerned himself with public questions. He was a statesman as well as a financier and in the final

reckoning he must be held to stand beside Hamilton, John Jay, Madison, James Wilson and the more substantial of the "Fathers." Jay Cooke, on his side, lived in an age when finance was more absorbing and in his hands it became a larger occupation than it had ever before been in America. Reading and writing, and the thinking that conduces to the old fashioned statesmanship, must be abandoned, we may believe with much regret, in the light of the aspirations and capacity to receive and use learning which are evidenced in Jay Cooke's early letters to his brother Pitt. With it all his acquisitions were very considerable and his common sense would have saved him from serious mistakes in any great political office. He of course had not the statesmanlike qualities of Seward or Chase, but no one in Grant's administration was his superior, and the Treasury had no incumbent after Chase—if we bar Fessenden, who shone in parliamentary life rather than in an executive office—who was not greatly his inferior.

It is fair to judge Jay Cooke as a public man by what he was before he was harassed and tormented by the Northern Pacific Railroad and the troubles which that enterprise brought in its wake; and it may be said without fear of contradiction that for ten years, from 1861 to 1871 or 1872, his was the clearest American mind on financial questions. Upon the funding matter, the proposal to repudiate all or any part of the regularly contracted public debt, the return to specie payments and other financial policies, his advice was sound. He carried many of his points to the great advantage of the nation, being after the war, as he had been during that struggle, a vast power through the newspaper press of which he had a

unique mastery. No one of this day, barring Lincoln—and Lincoln's universal vogue came after his death—was spoken of with more general confidence and the trust the people at large reposed in him is shown by the progress of many a financial movement in which they were invited to share.

But it is not as a statesman which under other conditions he might have been that Mr. Cooke is to be judged. It will be sufficient to discuss his life as he lived it without speculation as to its possibilities for him and us if he had made different uses of those powers with which he was by nature so bountifully endowed. It is of Cooke as he was—as a man—that we need a little supplementary description. Doubtless the secret of his power over others, which it is clear by this time was extraordinary, was the ability he had of compelling them to like and love and believe in him in spite of themselves. A great hearty open manner unmarred by guile or suspicion of evil, kindness that was as sincere as it was outwardly manifest, sympathy for suffering and charity for distress made him invincible wherever he went. "I no like Meester Cooke," said an old French banker who lived in Philadelphia during the war. "He take me in a room and before I go out he make me do what I wish not to do." It was dangerous indeed to fall under the magnetic influence of such a personality and it was a very refractory person, whether he be a President of the United States, a Secretary of the Treasury or an old lady who had $50 with which to buy a government bond that was not swept along in the presence of this big soul.

He was a man of enthusiasms without any of the qualities of which cynics and mugwumps are consti-

tuted. He made up his judgments, as we have seen, only after procuring the fullest information. When he had decided he was absolute—the "Tycoon" whom the men about him knew and loved, the financier whom the public trusted, for they were taught to believe that his touch was magical and that his word of recommendation was of final authority. While he could be as firm as the everlasting rocks, Mr. Cooke had the tenderness of a woman and no occasion was too great or too small for the exhibition of this trait. A blow from his hand was kind. He could not put sting into a word or act, even when he thought that the course of a fellow man abundantly merited rebuke, and his victories were gained by other processes.

He treated all men as though they were the simple unaffected human beings that they were by nature and at heart, enjoying the good natural pleasures of health, domestic comfort and religion. He knew the names of his friends wherever he saw them, asked concerning the welfare of their wives and children with a warmth that was always natural and hearty. When their babies were born they must send the news to him, sometimes by telegraph, and add information in regard to the sex and weight. He returned this civility upon the arrival of his children and grandchildren. He had gifts for the infants and compliments for their mothers. He was interested, too, in the naming of children. When a nephew was christened Guy he wrote that he did not like it. It suggested "mysterious expeditions underneath the Parliament house." It sounded well, however, to the "young Walter Scott readers" in his family. Many young Americans were named for him in

all parts of the country, and even strangers received letters and often presents, all of it being done in the heartiest and most joyful way. There was no putting on of the mantle for form's sake or for an ulterior end. All alike had the kind word and were made to enjoy the knowledge that he shared with them an interest in and sympathy for those things which, after all was said and done and concealed in an artificial world, was of the nearest concern to them. To Jay Cooke it never seemed worth while to try to hide the fact that man was made happy and comfortable by eating. Fashionable subterfuges on this point did not trouble him and the table at any home of his was an honest joy. There reigned good cheer, and there all naturally fell into the spirit with which he attacked the subject of living on its material side. Although himself abstemious, he had none of the false pride of that man who would forget that health, strength and capacity for happiness are derived from a proper nourishment of the body and he was a prince of hosts and entertainers. "You will kill somebody there if you are not careful by overfeeding," William E. Chandler wrote after returning to Washington with his family from a visit to Mr. Cooke in May, 1867. "A coroner will be summoned and a verdict rendered, 'Rev. Mr. B. —killed by Jay Cooke at his residence at Ogontz by stuffing.'"

In his first years as a married man in Philadelphia, after leaving Congress Hall, Mr. Cooke had a home at 904 Pine Street which had been purchased from Enoch W. Clark, but he was always strongly drawn toward the open spaces. While in the city connected with Moorhead's packet line he wandered through the parks, of

evenings, imagining himself again in the loved haunts of his childhood on the shores of Lake Erie. He was particularly attracted to the Chelten Hills some eight miles north of the city in a country penetrated by the old York Road. In 1855 he rented for summer use "Valley Farm," an old Penn manor house which had many pleasant historical associations. The charms of the neighborhood grew upon him and his taste has been abundantly confirmed by the very many handsome homes since located in this region by the wealthy inhabitants of a city which is noted for its beautiful suburbs. In 1858 he decided to make it a place of winter as well as summer residence, and he procured another home not far from "Valley Farm" which was named "The Cedars," later torn away to make a place for the mansion of William L. Elkins. Hard by was the residence of William G. Moorhead which was called "Rockwood" and in the light of his growing success as a banker in the sixties Mr. Cooke planned a house of very much larger dimensions.

During the war workmen were not to be had, but a wooded estate of over two hundred acres near "The Cedars," only a rifle shot west of the York Road was purchased and prepared for the house when political and economical conditions should favor its construction. In this matter, as in all that he did, for example, in the establishment of the New York and London branches of his banking house and in the Northern Pacific alliance, he was reflective and cautious. He had no mind for sudden or thoughtless movements, and it is important to remember this fact in connection with all estimates of his character. On the very day that Richmond fell, Mon-

day, April 3, 1865, the lines of the mansion were marked out, the first earth was cast up and forest trees were removed from the knoll which had been chosen as the site of the new home. Mr. Cooke humanely and patriotically desired that the work should profitably employ the returning soldiers of the neighborhood, and to them preference was given at all points. Although always closely bound to Ohio in his sympathies and family ties, he had become so loyally Philadelphian that he resolved to hire artisans resident only in that city and use materials of local growth and manufacture. Stone and sand for the house were dug nearby. The financier was largely his own architect; those who developed his plans were Philadelphians. The furniture, when the rooms were ready to receive it, was purchased of Philadelphia makers. A Philadelphia frescoer with thirty or forty assistants decorated the walls and some three hundred paintings and engravings which adorned the mansion were, as far as could be, illustrative of the work of Pennsylvania artists, although many rare and expensive masterpieces were later admitted to the collection. Only the carpets came from afar, but even they were of American make. They were selected at a mill at Clinton, Mass., by Mr. and Mrs. Cooke, while they were travelling in New England. "In beauty and appropriateness," he wrote,[1] "these carpets far exceed any of foreign manufacture. It has been a source of much pleasure to us that we have been enabled to pay this tribute to our national manufacturers and workmen."

The new home was christened "Ogontz" in remembrance of the old Sandusky chieftain whose lineaments

[1] Ogontz Records.

BRONZE ON STAIRWAY AT "OGONTZ"

Supposed to resemble the Indian Chief for whom the mansion was named

in bronze graced the main hallway, while several Indians were represented in a stained glass window, after designs by George F. Bensell, a Philadelphia artist, at the head of the principal staircase, still further testifying to the firm Americanism of him who had reared the great pile. A conservatory opening out from the main hallway looked into an "Italian garden," at the end of which stood a wall built to resemble the ruined castle of some ancient nobleman. The broad corridors and high ceilings, the library with its great bookcases, the "Music Room" downstairs and the "Amusement Room" upstairs with a miniature stage set with scenery, for tableaux, readings, magic, charades or amateur theatricals were inside features of the house, while fountains, vistas cut through the forest trees, winding walks and lanes, wide verandas and a *porte-cochére* gave distinction to the exterior. "I can't tell how many or what variety of rooms," Chase wrote his daughter Nettie in bewilderment. "I could not keep the count, but heard of nothing for which there was not a room." He thought "Cooke's Castle" would be a better name than "Ogontz."

The house was in all ways qualified to enjoy the reputation with which report soon generally endowed it. A hundred thousand dollars was at that time a fortune beyond most men's dreams of avarice and the millionaires of this age who go daily to their graves, without remark when we read of the appraisal of their great estates, except that we did not know of the existence of men bearing such names, were still outside the bounds of the imagination. There were few, popular report said no such private palaces in America as "Ogontz," and

Mr. Cooke wrote in apology in his own hands in the "Records:"

"If it seem to some who look upon these beautiful halls and apartments that they were originated in pride and are illy suited to be the home of the professed followers of Jesus 'who had not where to lay his head' we answer that as no thought of pride entered our minds when planning and executing our work, so we humbly pray we may be preserved from a hurtful and foolish pride hereafter, for we know that it is not our abiding place—a little while and we shall be gone and even the chances and changes of this mortal life may wrest it from us whilst yet we linger on the earth."

Thus, in 1866, with propitiation and in prophecy did the distinguished proprietor of the great mansion speak. The family entered the new house in time for the Christmas celebrations of that year; so that it was about eighteen months in the building and represented an outlay of more than $1,000,000. Mr. Cooke, as he neared the end of the work, which was rendered the more expensive because of the exorbitant prices of labor and materials, in the usual magnitude of his heart, dined the men who had had leading parts in rearing the house, and it at once became widely famous for its hospitalities. There were guests nearly always at "Ogontz" and frequently its fifty-two rooms were full; its great dining room resounded with chatter and laughter at every meal. At Christmas dinner in 1866 there were forty-two at the table, the guests being Mr. Cooke's partners and the members of their families. He had said many times that he designed the home to be their home as well as his own, and there were large reunions three or four

times a year over holiday seasons with many intervening visits. Counting all the servants the house at this time covered the heads of about seventy persons. Illuminated with gas from an individual plant it was held to be "almost a fairy palace blazing out amidst the winter's snow." [1] On the fourteenth of February, 1867, Mr. Cooke gave a "house warming" party which was attended by more than five hundred guests. When he first came to the Chelten Hills it was necessary for him to drive to his business in the city or else board a train on the Germantown and Chestnut Hill Railroad at a station three miles distant. Now the North Penn Railroad was in operation and for the pleasures of this evening a special train conveyed his guests to York Road Station, returning to the city after midnight. A band of music entertained the company, particularly the young people, who danced through the great rooms until a late hour.

Partners, relations, neighbors, friends—Presidents of the United States, cabinet ministers, senators, congressmen, foreign diplomats came and went freely. "The Cricket on the Hearth" or some little play was put upon the stage in the "Amusement-Room," or James E. Murdoch read Thomas Buchanan Read's poems. One played billiards, another bagatelle. In short, all did precisely as they liked so long as they remained under the roof, finding honest unaffected hearts in the host and hostess, whose greatest joy was to witness the happiness of others.

Mr. Cooke was the most lavish of all inviters. He was never too busy to be hospitable and when any within

[1] Records.

OGONTZ.

Mr. & Mrs. Jay Cooke

Request the pleasure of your

Company on Thursday evening

February 14th from 6 to 12 o'clock.

An early answer is requested.

A train will leave N.P.R.R. Depot for York Road Station at 5.20 P.M. and return 12.15 A.M.

INVITATION TO HOUSE WARMING PARTY

the range of his friendship came to Philadelphia they were urged with as much warmth and sincerity as mortality can command to go directly to "Ogontz," to stay there so long as they had a mind to—the longer they remained the better he would like it—and when they must return to their homes to come back as soon as opportunity offered. He wrote and telegraphed his invitations. He delivered them in person and through his partners and relations. Henry Cooke was besought to invite almost the whole of Washington and a declination only led to another invitation. "Please see Secretary Robeson," wrote Jay Cooke to his brother Henry on July 7, 1873, "and say to him that I claim a visit from himself and Mrs. Robeson and the baby at once. Tell them to bring along any servants they require and any friends also. I want them now when I am so much at home." On April 17, 1872, he wrote to Henry Cooke:

I enclose you a note for Mr. Boutwell, inviting him to come to Ogontz. Will you present it yourself and see what he says? Tell him that I have a magnificent new cue made on purpose for him and one like it for myself, so as to take no advantage. I will promise not to talk business and that he shall be entirely uninterrupted by any interference of others.

Mr. Cooke's cup of joy must have been full when he said in a letter to his brother on March 6, 1871:

I have written Catacazy [the Russian Minister to the United States] to come on Wednesday with Madame Catacazy and any others he may choose.[1] I have written Prescott Smith to have a compartment in a car reserved for them. I will have them

[1] This telegram came from the Russian minister, "Madame Catacazy, myself, one friend and chambermaid are coming to-morrow, following kind directions. Catacazy.",

met in West Philadelphia. Colfax [Vice-President of the United States] and Windom [Senator from Minnesota] come on Friday. The Chief Justice [Salmon Portland Chase] goes home to-morrow or next day.

The financier many times invited to his homes General Grant and the members of his family. They frequently accepted his hospitalities, both at "Ogontz" and at his South Mountain camp in Cumberland County, Pa. The President was asked to come to Philadelphia while the Republican National Convention was in session there in 1872, and stay incognito at "Ogontz" with the members of his cabinet. The mansion, the owner explained, was supplied with private telegraph wires, but, if they preferred it, he would hire them a furnished house in the city near the Convention Hall.

His invitations to the President took many forms and were the more easily delivered because of the warm intimacy which marked the social relations of General Grant and Henry Cooke, and their respective families in Washington. The intercourse between the White House and Henry Cooke's Georgetown mansion was characterized by an almost neighborly freedom. Jay Cooke spared no effort to bring the President under his roof whenever he could, and was really wounded if he met a declination, as he undoubtedly was whenever he was refused any request, although the rebound was so rapid that the mark was seen by few eyes. There was joy in a rural retreat like "Ogontz" for the President. Mr. Cooke's friend and partner, Edward Dodge, had brought him some cigars from Cuba. They were of the finest brand and of great size, having been packed in

a glass box, across the front of which Jay Cooke's name was spelled in gilt letters. Perhaps a half dozen had been smoked upon important occasions by guests of luxurious tastes. Upon one of General Grant's visits the box was brought out for him and he sat upon a sofa throughout the evening in conversation with the financier, flicking the ashes into a fireplace, one cigar being lighted upon the end of another until the precious store was exhausted.

Once a year Mr. Cooke was wont to open the camp upon his South Mountain estate, Henry Cooke's and Grant's boys often coming on from Washington to join the owner and the members of his family. One night, while Mr. Cooke was telling Indian stories, it is related that a hideous screech was suddenly heard outside. It interrupted the proceedings as a matter of course and in an instant each boy was on his feet and ready for action. The cry was repeated. "Hush!" exclaimed Mr. Cooke. "It's a catamount." To his horror all drew out revolvers and a party was at once organized to hunt down and make an end to the animal. By the sound they traced it to a tree and banged away for a time without knowing that a man on the place who was safely hidden behind another tree, following Mr. Cooke's earlier instructions, was uttering the cries while holding it in place by a rope. Finally a shot cut the cord and the effigy fell to the ground, the boys running up eagerly. Robert Douglas, the son of Stephen A. Douglas, who was in the party, shouted loudly, "I killed the catamount," without meeting any to dispute his claims as soon as the boys detected the straw protruding from under the skin. Then there was much laughter. The next day

the hills resounded with the news that Douglas had killed the catamount. A few years after, the boy become a man, was stumping the state of North Carolina in a contest conducted, if on a smaller scale, very much like the series of joint debates between his father and Abraham Lincoln in Illinois. At the end of the speech it was customary for the orator to inquire if anyone in the audience would like to ask a question. Finally one night Douglas was faced by an old fellow who said:

"Mr. Douglas, might I ask you a question?"

"Certainly," answered Douglas, unsuspectingly.

"There is just one thing I would like to ask you," the man continued, "and it is this, Who killed the catamount?"

The township covering the South Mountain property, 70 miles in circumference, was created in 1870 and named after Mr. Cooke. It gave a unanimous vote, 51, for General Grant in 1872. "They all remember the visit of Mrs. Grant and the children last year and the year before," wrote Jay Cooke to his brother on November 6, 1872, "and as a matter of pride and pleasure even the Democrats on the place cast their votes for the General." He asked Henry Cooke to bear the news to the President's wife.

Mr. Cooke was deeply interested in the people of Japan and their curious customs. In April, 1867, about eighteen visitors from that country—jugglers and acrobats who had been received in Washington by President Johnson—came to "Ogontz" in their native costumes, having been driven out from the city in a great omnibus. They left their wooden shoes upon the porch; prostrated themselves as they entered the house, inspected the man-

sion under Mr. Cooke's guidance from attic to cellar, and sat on their haunches in the dining room, while to their host's great pleasure they ate the oysters and boiled rice he had had prepared for them, and drank cup after cup of boiling hot tea without cream or sugar. When this ceremony had ended he, with twinkling eyes, led them to the Amusement Room for an exhibition in magic. The Orientals, like millionaires, greater curiosities then than at this day, saw a lot of imitation gold earrings, breast pins, watch chains, etc., broken in a mortar, loaded into a gun, and fired into a blank wall where they appeared suspended in perfect order, to be taken down and distributed to the amazed guests. The host, to their delight pronounced a few Japanese words and when they left they gave him three rare books in their language which were cherished in the library at "Ogontz."

In 1872 the Japanese embassy, then on a visit to the United States, came in a body. It had been at work in Washington for several months preparing the way for a treaty with the United States, and was tendered an invitation to Mr. Cooke's home. A Japanese government loan of some $15,000,000 was in prospect, and Secretary Boutwell intimated that it might be negotiated by Jay Cooke and Company.[1] Furthermore, Mr. Cooke wished to speak to the visitors concerning Asiatic connections for the Northern Pacific Railroad. On July 26, 1872, Henry Cooke telegraphed that Prince Iwakura and his associate ambassadors—a party of about thirty—would come to Philadelphia and quietly spend Sunday at "Ogontz." The group included a number of privy councillors and government ministers, the Emperor

[1] Boutwell to J. C., May 27, 1872.

sending Jay Cooke about two years afterward, in testimony of the courtesies to his representatives, two valuable cloisonné vases, now in the possession of Jay Cooke, Jr., and a mantelpiece which was set up in the room he occupied until his death at "Eildon," the home of his daughter, Mrs. Charles D. Barney.

A few days after the departure of the Japanese ambassadors Spotted Tail and a large delegation of Upper Brule Sioux, including several squaws who had come to Washington to see the "Great Father" in regard to their lands, were entertained by Mr. Cooke. Extensive preparations were made for their pleasure. The table was set with the very handsome hand-painted china which his partners had procured for him in Paris. Dinner was served in course with oysters, clams, bear, buffalo, antelope, venison, prairie chickens, rabbits and other game. The ice cream was moulded in forms representing various birds and animals. The repast finished all the guests repaired to the ample grounds, stretched themselves upon the lawn, smoked Mr. Cooke's fine cigars and grunted their thanks to their host. He presented them with blankets, beads and trinkets and made them a speech telling them that he was building a railroad which would do them no injury, that he was their friend and wished them also to be his friend. He employed Signor Blitz, a magician well known at the day, to perform many tricks to the great amazement of the red men. Being asked afterward how his savage guests had conducted themselves in his house be said:

"Oh, very nicely in the main. They watched the whites and tried to imitate them. The only *outré* thing

I noticed was their throwing the water melon rinds on the carpet, but that was a small matter."

Jay Cooke was the prince of hosts in America for his period, and when his daughters wished quietly to entertain a company of young friends it was wise to ask him before he left them in the morning, or by telegraph during the day, not to bring any "grandees" home with him in the evening, a precaution suggested by a knowledge of the boundless warmth of his heart. He specified that the visits of presidents and secretaries might be entirely private, if they preferred it, and oftentimes when the public wondered what had become of a hard-pressed government official he might have been found resting under the roof of Jay Cooke. Among the many guests at "Ogontz" were General Grant and the members of his family; Chief Justice Chase and his daughters; Secretaries McCulloch, Boutwell, Richardson, Robeson and Delano; the Russian Minister Catacazy; the Prussian Minister Baron Gerolt; Whitelaw Reid, Senator A. G. Cattell, General Robert S. Schenck, William D. Kelley, Carl Schurz, John Sherman, Schuyler Colfax, William Windom, Senator Ben Wade, Thomas A. Scott, John W. Forney and a host little less well known.

Mr. Cooke's desire for life in the open, his attachment to the land of his birth, and a constant care for the comfort of his relatives and friends in Sandusky led to the erection of his summer home at Gibraltar before the plans for "Ogontz" had yet been matured. As a boy he had made fishing and hunting excursions among the islands which dot the surface of the western end of Lake Erie. A few miles from the main Ohio coast are three islands called North, South and Middle Bass

Islands. South Bass contains probably 1,300 acres and the other two about 700 acres each. They were patented by a Connecticut family and were sold at length to a Spanish sugar merchant in New York, Rivera St. Jurjo. They are of such a geological formation that their rocks disintegrate readily under the influence of the weather into a soil excellently well adapted for the growth of the grape and other fruits. At first of little monetary value, and seldom visited except by fishing parties, who established their camps on the shores, the discovery that the land made rich vineyards drew to it Swiss, German and French colonists who had had experience of viniculture in their European homes. What before was offered at $10 an acre now brought $500 and the industry assumed a considerable importance which it retains to this day.

The islands had an historic interest also, because of Commodore Perry's famous battle in adjoining waters, and more locally for the exploits of "old Ben Napor," the "freebooter of the Lake," a kind of pirate who had a schooner and claimed many unusual privileges. On the north side of South Bass island lies Gibraltar, about seven acres of rock which rises picturesquely above the surface of the lake, thereby creating a harbor, called Put-in-Bay, because Perry put in here to repair his forces before attacking the British fleet in 1813. He is said to have cut some of the trees for military uses, although many of noble dimensions remain, gaining their sustenance through interstices in the rock which upon one side has been washed relentlessly by the waves until it is quite precipitous, the soft strata crumbling under the storms lashing the shore. Some Ohio people

JAY COOKE AND MRS. McMEENS

On the porch of the Lake Erie home

formed an association and laid the cornerstone of a monument to Perry upon this islet in 1858, and in 1863 Captain John Brown, the son of John Brown of Ossawatomie, was about to purchase the rock. He could not raise the money and Mr. Cooke completed his negotiations with St. Jurjo early in 1864, asking his father and brother Pitt at once to visit the island and choose a site for the house which he proposed to erect there. The highest point of ground was selected and plans were laid for the prosecution of the work under Pitt Cooke's direction.

Labor and material must be brought from Sandusky and much of them were required for the completion of the house on the scale proposed by the financier. It was built of the evenly stratified rock which underlies Sandusky, its principal feature being a high octagonal tower with a castellated top. While the work was in progress a Confederate raiding party which had been fitted out in Canada visited Put-in-Bay, seized the steamer, *Philo Parsons,* then at the wharf, and captured another boat, the *Island Queen,* which was laden with lumber, sash and doors for the mansion. The raiders carried the *Parsons* to a Canadian port while the *Queen* was scuttled and sunk in the open lake. It was caught upon a rock and, being but partially submerged, the cargo was rescued and returned to Gibraltar to take its intended place in the house.

The work was finished early in 1865 and in June the new home received its first party of visitors. Jay Cooke brought his family and several friends from Philadelphia and they were joined by a large number of Sanduskians. The house was given into the charge

of Mrs. Anna C. McMeens, the widow of Dr. R. R. McMeens, the secretary of the ill-fated Perry Monument Association, whose work was left for Jay Cooke to finish in the shadow of his home by the erection of a pedestal, upon which he placed an urn. Dr. McMeens had lost his life in the war, having gone out as a surgeon, and because of the widow's need and her husband's earlier connection with the island, as well as for old friendship's sake, Mr. Cooke put her in charge of the house in his absence. She was a particularly happy choice and it was a post of responsibility, for the mansion was to be kept open from May until November, its hospitalities being offered freely to all the poor clergymen it would hold. She hired the servants, supplied the larder and sent him the bills which he never examined, so complete was his trust in her. That she fulfilled all of his desires regarding the conduct of the house seems to be certain.

Each year in May he went out with his family to remain for about three weeks. He returned late in September or early in October for a vacation of similar length and during these periods the house was filled with relatives, partners and friends, particularly if they were fishermen able to share his own enthusiasm for the Waltonian sport. At such times came Chief Justice Chase, Treasurer of the United States F. E. Spinner, Anson Burlingame, John Sherman, Governor and Mrs. Rutherford B. Hayes, Dewitt Talmage, Senator Pomeroy, General J. K. Moorhead and many others.

Here upon the water by day and around the open fires inside at night, while the lake roared and the wind soughed in the boughs of the high trees, there was

much happiness. The rooms with wide windows and heavy doors, all bordered with massive mouldings, had an air of large simplicity. The library, the first story tower-room, was stored with standard books and the bedrooms above it, surveying the lake, were the choicest of slumber places, as multitudes of Mr. Cooke's guests would gladly attest. Grapes and other fruit stood in the hallway in abundance for free use at all times. The table in the dining-room bore good food in plenty for all that ever entered the house, and so long as this castle of the lake shall stand it will be, to those apprised of its history, a monument to him who was its joyful and joy-giving proprietor.

Jay Cooke's love for and indulgence of all the members of his family scarcely need be dwelt upon at this stage of his biography. His marriage was the happiest of unions and Mrs. Cooke's death in 1871 must have left him inconsolable but for his perfect trust in the Scriptural promises of a glorious futurity. His religion was simple and devoid of all confusing formality. He took the plain facts of the Christian faith, believed them unquestioningly, wove them into his daily life, so that they were veritably a part of himself, and wished not for more. He convinced himself that whatever was was right. The dispensations of life, however unpleasant in our mortal view, would work together for good, though the process should be difficult, and should provoke rebelliousness. It was a trial of the spirit if it had no other use. That he was appointed and sustained by a higher power for his great labors during the war Mr. Cooke did not doubt. He said so frequently and he always returned what he could to the Author of his

success by kind words and charitable acts to the creatures of God set down in the world around him who were not blessed as he had been. He unconsciously modelled his life after that of some of the good old saints and patriarchs in the Book which he pondered over so lovingly, and it is probable that he was as close a reproduction of these great figures in Scriptural history as any one who has been put into a modern frame.

At the death of those dearest to him he could say with more calm confidence than any around him that they had gone on to taste the joys of a better land. The leaving of this earth and the sweet things upon it was to him a promotion so grand that those who remained had not the right to grieve. In him the phrase which is so trite, since in the hour of mystery surrounding death it is the only one that we can offer to our bereaved friends, had the ring of a new prophecy. In his view Mrs. Cooke had gone on just before and he was always as faithful and true in all his attachments as though they were to meet again upon the morrow. They had eight children: Jay Cooke, Jr., born in 1845; Laura Elmina, 1849; Caroline Clara, 1850; Sarah Esther, 1852; Dora Elizabeth, 1853; Catharine Moorhead, 1855; Pitt, 1856, and Henry Eleutheros, 1857. Caroline, Dora and Pitt died in infancy and Catharine in her ninth year, so that but four, two sons and two daughters, lived to man and womanhood,—Jay Cooke, Jr., who married Clara Alice Moorhead, a daughter of J. B. Moorhead of Philadelphia, and was made a partner in the banking firm; Laura, who married Charles D. Barney; Sarah, who became the wife of John M. Butler, and Henry E., who married Esther Clarkson Russell, a daughter of William

Russell, a banker of Lewistown, Pa., and who, to his father's deep satisfaction, after graduating at Princeton studied for and entered the ministry of the Protestant Episcopal Church.

In his children and again in their children, Jay Cooke had a pride that was patriarchal. Sons, daughters, sons-in-law, daughters-in-law, grandchildren and at length great-grandchildren were all close to his heart and to have them near him brightened the gathering years. For his father and mother, and his brothers and sisters, and their respective families he had a feeling of little less responsibility. His heart was large enough to include them all. He literally showered positions and opportunities, loans and gifts upon them, viewed their shortcomings charitably and forgave them their debts. He had the same care over his wife's relatives and was a particularly useful friend to her brother, Colonel R. T. P. Allen, who joined the Confederate Army. In spite of this fact Mr. Cooke actively used his offices with the government at Washington to secure considerate treatment for Colonel Allen when the report reached the North that he had been wounded on a Southern battle-field. The war ended, Mr. Cooke made him a large loan of money which enabled him to regain possession of the Kentucky Military Institute and resume the old course of his life. Some of the graduates of this school were later given places in the engineering parties on the Northern Pacific Railroad.

To his junior partners and employees Mr. Cooke was the best of all friends, recognizing talent and rewarding willing and faithful service. If some came to feel at last that they were wiser than he, going so far as to pre-

judice the minds of the attachés of the several houses, as in London in 1873, where Lycurgus Edgerton said that they ungratefully denounced the head of the firm whom they had never seen, it was not so in Philadelphia, even under the severe trials of that last year. Edward J. Cattell, a nephew of Senator Cattell, who was a clerk in the Philadelphia house at the time of the failure, wrote of Mr. Cooke after his death:

He took a personal interest in every one connected with the banking house, seeking occasion to talk with us about our habits of life outside of business hours, and to say those kindly helpful words which mean so much to a young man on the threshold of life. He established in the banking house a dining room where the employees were provided with a substantial dinner, and every fortnight we were all invited to his home at "Ogontz," where he made us feel that we were honored guests. We all loved him and many of us would watch for his cheery "good night," as he passed from his private office in the rear of the building on his way home at the close of business hours. I shall never forget the evening of that fateful 18th of September, 1873. All day with blinds closed we had listened to the maddening cries of the newsboys in the street, "Failure of Jay Cooke." To every one in the building the failure was a personal grief. It was our failure. About five o'clock Mr. Cooke, wearing his broad brimmed felt hat and his long cloak, emerged from his private office, and with head bowed walked slowly across the banking house and out through the door into the street. He seemed to bear the weight of the world on his shoulders and every heart in the great room went out in sympathy to our stricken chief. For a month his old clerks worked night and day not knowing whether they would receive any pay for their services. Every one was willing to give his time and strength to the man who had won so large a place in their hearts.

The least of those who served him felt that in him they had a sympathetic friend. They enjoyed the pleas-

ures of "Ogontz" and Gibraltar, vacations here and there at his expense, gifts for themselves, their wives and their children, commendations for their relatives and friends, aid to their churches and other charities, a share in the profits at the end of bountiful years and, perhaps, the gain upon investments made without risk to them for their accounts. He comforted them in their sorrows and laughed with them in their joys. In October, 1865, he wrote from Gibraltar to Sexton, who was an assistant in his Philadelphia house: "I am very anxious to know whether you are going to be sick—if you don't feel well take your wife and daughter and come right out here. Don't delay a day. This is my command."

An instance of the consideration he felt for all those whom he employed, even in the most menial services, is afforded by the arrangements he perfected for meeting the wants of the gardeners and servants at "Ogontz" after the failure in 1873. During that unfortunate winter, when there was so much suffering on all sides and when no other work could probably be secured they were provided for by the most detailed and carefully wrought out contracts. They were to continue in the use of the farms, tenements and greenhouses, paying their own wages under Mr. Cooke's direction from funds created by the sale of plants, flowers and field and dairy products. Others were to quarry and sell stone and cut posts and rails. Another would run an omnibus, while a woman was to have a school-house and receive pupils. Thus would the deterioration of the property be prevented while the needs of men and women unaccustomed to any kind of business management on their own ac-

counts would be attended to as before by those who had a superior faculty for direction.

He had many *protégés* who were assisted in pure friendship, and who were wholly unable to do him service in return for his many favors. To Henry D. Moore, the old Treasurer of Pennsylvania, he gave almost as freely as to one of his own blood, while that man speculated in coal lands and gold, being again and again upon the verge of ruin. Mr. Cooke befriended Carl Schurz when he came here, a German refugee, advantageously invested money for him and kept his wife and family supplied with funds at the rate of about $200 a month while he was in the army. To many men who then occupied or have since come to the highest of stations the financier was the most valuable of protectors and stays.

When Baron Gerolt, the Prussian Minister, returned to Germany after his long residence in the United States, he was compelled to leave a daughter behind him. She had entered a convent in Washington, thus causing the Baron and the Baroness much anguish. He wrote of the affair to Mr. Cooke and the latter, with his accustomed sympathy, volunteered to visit the girl and the sisters in charge of the establishment. Though without avail the mission testified in one more way to his readiness to lighten the burdens of his friends.

D. W. Cheesman, the Assistant Treasurer of the United States at San Francisco, who, in the opinion of the people of California, had done Mr. Cooke and the war loans little useful service, had lost about $9,000 by the defalcation of a cashier, who was his wife's brother. She came on to Washington and stated the case to Mr.

Cooke while he was in that city. He at once told her to say to her husband that if he must make good the loss out of his own purse to draw upon Jay Cooke and Company for $2,000, the money to be returned whenever the borrower "should be able to do so." [1] The draft was soon received with a letter reminding Mr. Cooke of his promise.

Loans and gifts of this kind were constantly made to men whom he met and who told him of their hopes and anxieties. He often did these things without waiting to be asked, and sometimes without letting him, whom he would befriend, know of the benevolence. When Chief Justice Chase was at Gibraltar with Mr. Cooke in October, 1865, the latter wrote to the men in charge of his Philadelphia house: "Governor Chase says collect and credit him the interest on his $30,000 5–20s. He wants to sell the gold now. Credit him at least 146 no matter what the price is, and advise him."

In his relations with all classes of men Mr. Cooke was free of all disposition to revenge. He had no concealments. "I never have any secrets," he wrote to Mr. Billings in 1871, "but jerk them out and read whatever I get to the proper parties." He nourished no enmities himself and was always seeking to compose the differences which arose between other men. When he was treated with what he believed to be unfairness he at once sought a full and free discussion of the subject, being at all times ready to go more than half way in making apology for and in retracting his own acts and statements. His method in a business transaction was absolutely devoid of equivocation, duplicity or trickery

[1] Cheesman to J. C., July 28, 1866.

of any kind. It was one half exact knowledge and one half bold enthusiasm with a dazzling largeness and openness of conduct which swept men off their feet.

Because of Mr. Cooke's friendly attentions to political leaders and his campaign contributions some may leap to the conclusion that they were offered with a view to gaining unfair advantages, and the idea is emphasized by Chase's ostentatious refusals to receive gifts while he was Secretary of the Treasury. It must be remembered that Mr. Cooke was at all points identified with gigantic undertakings. His success during the war meant the preservation of the government and it will be a very scrupulous person who will cavil at the efforts he put forth to get the Treasury contracts under the least onerous conditions so that he could work with the most hope of success. It was proven again and again that there was no other avenue through which sufficient amounts of money could be obtained by the Secretary of the Treasury. It was received from him at commissions for which no European government can negotiate loans, and the kindnesses which he simultaneously tendered to Treasury officials, politicians or editors will certainly not be viewed as moral improprieties. It is true that he in many ways befriended Mr. Chase's daughters when the Secretary himself was loath to receive favors at his hands. He gave financial support to the Secretary's presidential ambitions in 1864. But his attentions, which took so many forms, were continued after Chase passed to the Chief Justiceship, when his capacity for usefulness to a banker could not be large, and they were uninterrupted by Chase's decision to accept the presidential nomination at the hands of the Demo-

cratic party, an act so cordially disapproved by Mr. Cooke.

The financier had made loans to General Grant before he became President and before there was certainty that he ever would hold that or any other high political office. Jay Cooke and Company carried a note for Grant's brother in the west, extended pecuniary favors to the Dents and was the kind friend of the Grant children. All this was done as a matter of course. They were invited to his and Henry Cooke's homes, probably not without thought of the great office which the General occupied, but certainly in no way unwarranted by the friendship which should subsist between two men who each on his own side and in his own manner had done so much to promote a common object—the preservation of the Union.

Mr. Cooke gave liberally to the Grant campaigns in 1868 and 1872 because he was asked to do so by men whom he could not safely refuse. He sincerely desired Grant's success. If his material interest lay upon that side so did all his political traditions and sentiments, as well as his personal friendships. If the funds were expended legitimately, in gaining votes by education, as he believed that they were, he could not be greatly blamed for supplying money to elect him whom he so much desired to see elected.

For his friends Mr. Cooke had a thousand and one little kindnesses which others would invent only after much thought but which to him were natural exhalations each minute of his life. Upon the first train through from Duluth to St. Paul in the summer of 1870 he sent Mrs. Marshall, the wife of the governor of Min-

nesota, three Southdown sheep. He claimed the pleasure—he called it a pleasure—of entertaining public men at his homes and of showing them and their families attentions of many kinds. He would send toys and pet animals to their children, present flowers from his conservatories to their wives, find schools for their sons and daughters and advance money to the young people until remittances were received from home. If he did not foresee the need they had only to suggest it and he would instantly respond. After the establishment of the London house a delicate compliment by Mr. Cooke to men whose friendship he desired was to send them letters of credit upon the eve of their departure for Europe. Thus did he favor Adolph Borie, the Secretary of the Navy who was going abroad with Nellie Grant and Henry E. Johnston, the Baltimore banker, each receiving letters for £5,000, a mere expression of opinion by Mr. Cooke that they were good for this amount while traveling if they chose to draw through his firm upon their own bank accounts. Once he aimed to propitiate the elder James Gordon Bennett, as hostile among journalists in New York as was George W. Childs in Philadelphia, by asking his brother Pitt to make out a letter of credit for £10,000 or £20,000 for the editor of the *Herald*, but the attention does not seem to have been of any avail.

Mr. Cooke's contributions to funds to defray the election expenses of congressmen, such as Sherman, Garfield, Schenck and William D. Kelley, can require no particular defense. He believed implicitly in the principles for which these men stood and was their warm supporter even when they differed from him in regard

to the value of a public measure. Lobbying was always loathsome to him, but there were times in the history of his great railway enterprises when Congress could not be relied upon to act justly by corporations of and by itself. It would not even keep its solemn pledges unless it were watched and guided, and with men who were often blackmailers beset by hostile corrupt influences, ordinary methods could not avail. Although free and generous to a fault, Mr. Cooke had as much contempt as it was possible for a nature like his to feel for a man who audaciously demanded a favor in direct return for a service performed or yet to be performed. "They ought to be whipped" for asking additional campaign subscriptions, Jay Cooke said of the Grant managers in 1872. "Is it possible that those fellows must be feed in order to get a decent report?" he wrote to his brother Henry, of the government commissioners appointed to inspect the Minnesota Division of the Northern Pacific Railroad, when General Cass told him that they were "out for blood." Favors at his hand were not for sale, and he did not buy them of others cheerfully. He would roundly reprove those who came to him with base proposals. In February, 1873, a young man who had been in Governor Cooke's employ in the executive offices of the District of Columbia, was an applicant for a place in the Treasury Department. He wrote to Jay Cooke as follows:

I shall want some friends to support my application which I take the liberty to mention to you only because I think in that place I could be of frequent, if not constant service to your interests. I should know everything that transpired and should go every day thence direct to the Governor, and could besides

write you direct of any extraordinary action which might be of special value to you.

To this proposition Mr. Cooke replied, stating that he desired no unfair favors from the government, and he would never be a party to such an arrangement as had been suggested, which led to an apology from the young man who felt "sore distress" that his motives had been so unpleasantly misinterpreted, and as might be expected, an apology also from Jay Cooke who was always generously glad to give others the benefit of a doubt and make amends to the smallest person for an uncharitable judgment.

To the newspaper men Jay Cooke was a friend whose like has never been seen. His treatment of the journalists was plainly mingled with the idea of service, and many of them for whom he could develop no friendship were, of course, openly hired. At this day we would be disposed to say that Mr. Cooke had an exaggerated notion of the power of the press, but judged by the results which were attained by the manipulation of the journalists in his various ways, it will not do to conclude that he made any mistakes in this direction. During the war he was engaged in a work which must be done in the sight of the public, and his magnificent successes were very largely due to the furore that he could create through the newspapers. He knew that a journal was the man who wrote for it. The American press was not the ponderous unmanageable body that it has since become by the enlargement of the editorial staffs and the introduction of impersonal methods. He gave the newspaper owner money for his advertisements and the newspaper writers dinners, excursions, options upon stocks

and bonds, and made them loans at request. Bottles of Ohio wine or a pair of Lake Erie ducks were sent to grace tables unaccustomed to such luxuries. When their wives or children were ill he sometimes sent them to the mountains or the seashore, and he was a kind, sympathetic friend in their personal sorrows and anxieties as he was of all people. He never lost the love of many of the newspaper men, but not a few were insincere, and others who made it a business to abuse for blackmail soon openly displayed their ingratitude.

Mr. Cooke was very sensitive to the criticisms of the press, though he at times professed to hold it in disdain. Having such an estimate of its influence, he could not be expected to view its flings complacently. He felt that he had done enough for his country during the war, in selling the bonds, or if journalists were purely mercenary beings, which he sometimes suspected that they were, that he had paid them enough in his lifetime to be secure from assaults upon his personal character, and the measures which he advocated. He well knew that his position in connection with the great national enterprises with which he was always identified was such that he could be "held up," as by highwaymen, by editors and Congressmen, and when demands of this kind were made upon him in this spirit he resented them cordially. He asked only for fair dealing. If he could perform a service for the government better than other men he desired that he might be assigned to the task. If he had a great railway to build he asked only the treatment which the government accorded the most favored of other railroads. To obtain what he believed to be his right, he determinedly contended, and neglected no hon-

orable exertion to bring about that end, especially when he had given his word to the public which had invested its money upon his advice and which he would not deceive.

He had so little suspicion of evil that he took no care to avoid or to conceal acts that might be misinterpreted to his great disadvantage. Himself without guile, with all his experience of the world, he was rarely able to forearm himself against an attack upon his motives. He bade a public man to his home as he would invite a private man. One was treated much like the other, with whole-souled kindness. The pride that often comes with success never entered to mar his social relationships. He was as democratic as Lincoln. He never came to think himself a whit better than other men. He had the same greeting for a stone mason at work upon a wall beside a road as for a President of the United States. Indeed it was because of some inability to conceive of himself in a place above others that he was frequently denied the recognition to which his services amply entitled him. All received his bounty, and taking it as it was offered, a favor freely given, often forgot the word of appreciation or the service in return. Too much freedom made the kindness so constantly bestowed seem a universal right which might be enjoyed like air and water without rendering any careful account to the good source.

There was an ease of informality in all of Mr. Cooke's social intercourse. President Grant came and went like other guests. Upon his last visit to "Ogontz" Charles D. Barney, Mr. Cooke's son-in-law, found the general walking on the lawn with his host. It was the September afternoon before the failure in 1873. Mr. Cooke

New York Sept. 29, 1862

J. Cook Esq

My dear Sir

I suppose You will be surprized at receiving a letter from me Especially on the Subject I am about to address You upon. God in his great Goodness has granted unto us Much of this Worlds good but above all, the Rich Blessings of Salvation, and has therewith bestowed upon You a heart to Sympathize with those that has felt his afflicting hand About fifteen Months ago. I had the Misfortune to Fall upon the Ice in crossing the Street from which I have never fully recovered. I have not been

P.T.O

able to attend to any business until lately. My health is Improving, and I hope by the Blessing of God soon to be well again I want the great Favour of You to loan me on My Note for Six Months the small Sum of Fifty dollars which I believe I can and hope Punctually to pay, by doing me this Favour. You will do me a Kindness, that shall always be Remembered with Gratitude, You will see from my writing that My Nerves are unsteady

With Great Respect and Esteem, Your friend

John W Telford

Box No 357 - P.O.
New York

Apl 30 1865
Sent 50 $

turned and asked if there were any letters or despatches, he having left the office at an early hour. Mr. Barney and the President mutually eyed each other for some time before Jay Cooke seemed to take in the situation. "This is Charlie, you know Charlie," said the financier, finally, and both were compelled to guess the rest as best they could.

The gifts which Mr. Cooke made to public men were very insignificant in value in comparison with what he was doing for all manner of people who came his way and enjoyed the pleasure of his acquaintance and friendship. His generosity, and wide repute for wealth and a willingness to improve the lots of all who were in any kind of distress, caused him to be the most ridden down and hunted of men, though unlike the rich of a later day, he took almost no precautions to protect himself from importunity. It is true that he had clerks to receive those who came to his office, but it was not his desire to deny himself to his visitors, and few went off without a glimpse into his great heart. To please Miss Nettie Chase Mr. Cooke had taken the trouble to place for publication with the Coates firm in Philadelphia a volume of nonsense rhymes which she had written. One day Joseph H. Coates was sent by his father to see Mr. Cooke about this little enterprise. The banker was engaged at the moment. He did not know his visitor from hundreds of others, who came upon all kinds of missions, for the most part interesting only to themselves, but in his natural consideration for every one, he interrupted his conversation, however important it may have been, rummaged for a little while in the drawer of a desk and brought out a map which he gave

the young man lest the waiting should seem too tiresome.

A secretary answered many of the financier's letters, but it was not unusual for him to dictate or write out with his own hand the replies which he desired should be sent to supplicants hundreds of miles away, of whose true needs he could not know. One-tenth of the profits of all his houses was set aside for charity. "Old Patriarch Jacob," who had a separate account upon the books of Jay Cooke and Company, received ten per cent. of the year's gains before the distribution was made to the partners. From this large fund suffering was alleviated, and many charitable acts were performed in the spirit of Jacob to the advantage of the worthy poor. A memorandum to charge this or that payment to "O. P. J.," was enough for any clerk and the account was carefully balanced, many thousands of dollars being distributed each year by the "Old Patriarch." Mr. Cooke had his own "O. P. J." account besides, and often overdrew it extensively in relieving want which was brought under his notice. At times he employed agents to investigate the cases which were recommended to him that he might make no mistakes. His gifts were often secretly bestowed, as though they came direct from the store of some all-seeing Providence, his agents telling him, to his delight, the joy which came to poor creatures by the receipt of flour, potatoes, clothing, sewing machines or money from a mysterious source. For a long time at frequent intervals a leading minister in Philadelphia had been receiving a contribution in an envelope from some one who called himself "Left Hand." One day, seeing Mr. Cooke's signature, he was impressed with the simi-

larity of the handwriting, and the identity of the generous giver was a mystery no longer. The "Old Patriarch" was a friend to uncounted numbers of people, and no one who has not had access to Mr. Cooke's letters and papers, so carefully preserved, can know of the wide range of his charity. The value of what he did, although understood to some extent by those nearest to him in his prosperity, was only an impression, since he gave out no data of his benevolence, and sought no public acclamation for it. It was enough for him to know that he had done these things for many of the least of men, and that they were made the gladder and the more comfortable thereby. There may be a record upon some immortal tablet in the skies of all his kindness and beneficence if there be none graven here below on our changing scrolls. His daily acts of charity and mercy, as Bishop Mackay-Smith said at the unveiling of a window recently presented to his York Road church by the Ogontz school girls, would, if all taken together, erect more than one great memorial building of that kind which the wealthy now so often choose to leave behind them.

It was in the nature of the case impossible for Mr. Cooke to heed the many calls upon him, but he never withheld his sympathy and encouragement. No one came away from him without feeling a little stronger for the struggle. "How many you daily make happy," wrote Chief Justice Chase to the financier in August, 1869; "if not otherwise yet by your cheerful words and ways."

Incessantly the mails bore Mr. Cooke letters like these:

Mr. J. Kook:

Dear Sir — Excuse me for droping these few Lines to you but I am compeld to do so in the cirkumstances that a Poor man Like me is compeld to ask a faver of a kind harted gentlman which I trust in god will not be cast aside My Dear sir the Blesing I ask is to asist me in starting a segar and tobacco Store I am not able to work I lost my leg at the batle of fort Stedman, etc., etc.

Honer Jay Coock:

Deare sir being somewhat embarrised financiley I thought I would write to you and tell you my trubles as I Have Read in the christian advocate of you benevolence, etc.

Dear Sir. Presuming that by God's good providence you have been prospered until you have acquired a sufficiency of earthly good to make yourself and family comfortable (and I say candidly to you I am glad of it) I am induced as an entire stranger to ask of you the favor of loaning to me a thousand dollars for a period of four or five years.

Mr. Jay Cook dear Sir please send me $1000 dollars to help pay off a mortgage on my farm it falls due in Sept.

Mr. Cooke dear Sire i Set Down to rigt these fue lines to you to let you know of ore Distre Condish [condition] we are heare in a lonly Country thare is not a frend near us and we are all Sick and we have nounthing to eat and no monney to by enthing with thare is eight of us in famely and we are all most brock harte this afternoone to see are litte Childer asked fore somthing and we have Nonthing to give them we had a cow swile we were sick our cow stray awaye frome home and got into the Swampe and Dide thare, etc.

Dr. Sir Please pardon my presumption for attempting to addres you I am a friendly tiller of the soil I have A neat little famly of four counting my self our youngest is five We lived in a border state during the war. No money is spent for rum or tobaco no time of mine is lost in lofing at rum shops or stores I am a particilar enemy to all such incongruitys, etc.

Dear Sir I see by the News papers that you own 50,000 acres of land in Iowa and supposeing a Gentleman owning such vast

quantities of land that you must possess liberal qualities I have concluded to ask a favor one that will not materially effect your finances but will be of much benefit to me I apply to you for assistance by denoting to me some of your Iowa lands the quantity I must leave to your generosity any quantity may be of great advantage to me while a thousand or two thousand acres would be but a drop out of your great wealth.

Dear Sir i this presnt time take my pen in hand to see if i cold not get the lon of 4 or 5 thousen dolers hearing that money is verey plenty in the sity and it is very scarce hear, etc.

Mr. Cooke I take my pen in my hand to aske you to loan me Eight Hundred Dollars to go in the milk Buisness I have had bad luck of late will secure you safe, etc.

Mr. Cook Resp Ser I have twice got as far as your office door but could not summons curage enough to come in I am a widow in good standing in society but in troubel hearing you was kind and benevolent an good to the Widow and orphant I venture to state my case I want the lone of 400 hundred dollars, etc.

These are but a few culled from hundreds and thousands of letters which came to Mr. Cooke from all parts of the country. Of course, to many, as curious and unreasonable as these, replies could not be given, but he refused no appeal for assistance without a thrill of sympathy. He was much stirred, as we have seen, by the distress of the people of the South at the end of the war, treasuring none of the enmities and resentments of the struggle which marred the natures of many other Northern leaders. While the smitten Southern people would have hesitated to appeal to the generosity of most of the leaders in the triumphant section, Jay Cooke's reputation for lenient views was so widespread that he was generally besought for aid. Wives and daughters wrote unknown to their husbands and fathers, them-

selves almost too proud to do so. They asked for money to buy farms, to plant crops and to resume their interrupted industries. So general was Mr. Cooke's repute for benevolence, independent of all sectional, political considerations, that several Confederate prisoners in a camp at Elmira, N. Y., in August, 1864, united in a request for aid. "We were unfortunate enough to become prisoners of war," wrote they, "and having been prisoners for a length of time are greatly in need of clothing. We are citizens of Alabama, and if you will be kind enough to assist us, should an opportunity ever present itself, we will gladly return the kindness, and a little Tobacco would not be objectionable."

Ladies who wished to devote their lives to literature, actors who were in temporary need and a host of men and women who asked for neither loans nor gifts, but only for an opportunity to work for themselves and their families, asked him out of the store of his bounty, which seemed to them to be limitless, to give time and influence in finding them their desired niches in the world. When he could not accede to a request, which, of course, was very often, in view of the great number of demands upon his charity, Mr. Cooke often wrote memoranda for the guidance of his clerks or secretaries: "Answer that Mr. Cooke cannot give places or employment to one out of a hundred. He had better do his duty in that position in life in which God has placed him. Work at anything *honest*. Tell him so." Or again: "Mr. Cooke thinks you had better help yourselves. It will do more good and be better appreciated. Overwhelmed with applications," etc., etc. Again: "Reply, absent, but cannot assume any more burdens, hands full," etc.

ST. PAUL'S CHURCH, NEAR "OGONTZ"

Built largely by Jay Cooke's contributions

Mr. Cooke was the liberal patron of the evangelical Christian church and of those who preached its doctrines. Himself a Low Church Episcopalian—for the ritualists he had not the least sympathy—he was broadly indulgent of all orthodox sects and denominations. Early in his clerkship in Philadelphia he attended the Methodist Protestant Church at Eleventh and Wood streets, of which the Rev. Thomas H. Stockton was the pastor, and for four or five years had a close part in the work of the congregation, remaining a warm friend of this eloquent preacher until his death. The banker furnished thousands of dollars to distribute Mr. Stockton's sermons and tracts, and upon his death-bed, having little else to bequeath to his children, he told them that when he was gone they should seek his good friend, the financier, who would no doubt purchase his library. Mr. Cooke had the books appraised, paid the heirs $2,000 for them and presented them to his son, Rev. Henry E. Cooke.

After Jay Cooke's marriage the walk to Mr. Stockton's church was too long for Mrs. Cooke, who was also a Methodist, and at the suggestion of her friend, Miss Emily Bronaugh, they joined old St. Paul's Church on Third street below Walnut, but two blocks from Congress Hall. Thus did Mr. Cooke become an Episcopalian and in the parish, which was actively directed by Rev. Richard Newton, he became a very prominent figure. After his removal to the Chelten Hills he continued to attend his city church. In winter it was necessary for him to rise before it was light in order to arrive in time for Sunday School, which began at nine o'clock. After the morning service he would take lunch-

eon in the Sunday School room that he might be present for the afternoon service, and the return home was accomplished only at nightfall. Still not satisfied with the work of the day, Mr. Cooke, in the evening, from 7.30 until 9 o'clock, taught a Bible Class, which gathered in the parlor of his home to hear his exposition of the Scriptures. He formed it in 1858, upon his removal to "The Cedars," and it was composed of his tenants and neighbors. It began with forty-five members, and grew rapidly. When the class became too large for the parlor he fitted up an outbuilding for its use until other arrangements could be perfected.

Early in the sixties Mr. Cooke was largely instrumental in building a house of worship on the York Road near his home, a new St. Paul's, which the neighbors soon christened the Five-Twenty Church, since it was richly supplied with money that he was supposed to have gained from the sales of the war loans. For more than forty years he attended and did much to sustain it, his contributions to support the various departments of work in the parish after the war until 1873, averaging from $6,000 to $10,000 annually.[1] In January, 1866, a thank-offering, in testimony of the re-establishment of peace between the North and the South, was taken up in the church. It amounted to $53,000, of which nearly or quite $50,000 were contributed by Jay Cooke.

The first rector was the Rev. Robert J. Parvin, and adjoining St. Paul's Mr. Cooke early built an auditorium which he called Parvin Hall. This was primarily intended for the use of the Bible Class, which, with few

[1] From the parish records.

interruptions, except for his vacations, he led almost continuously until within a few months of his death. At one time it had 150 members. The relationship between the men and their teacher was one of warm intimacy and friendship. He made them many gifts—Bibles, hymn books, vegetables from his farms and fish caught on successful excursions; attended them and befriended them in illness and sympathized with them in any kind of affliction; obtained them employment and followed their lives with interest when they removed and settled in other neighborhoods. Once a year, on the Tuesday night before Thanksgiving, he gave them an entertainment and supper in Parvin Hall, and as they departed presented each man with a large turkey, which he put under his arm and carried home with him for use on the approaching holiday. When Mr. Cooke built his home at Gibraltar he did not forget his religious duties toward the Lake Erie islanders. They were without churches or pastors. He established a mission on South Bass Island across the bay from Gibraltar. Wherever his financial interest carried him he followed it with subscriptions to church buildings—in the coal regions when he was a large owner in the mines of the Preston Company, in his iron towns in New York State, at South Mountain in southern Pennsylvania, at Duluth and along the line of the Northern Pacific, in Iowa where he was at one time an extensive landholder. "O. P. J." gave bells, steeples, organs, books for Sunday Schools, rectories, silver communion services, and eked out the modest salaries of country parsons. He was a friend of the preacher everywhere.

With Mr. Cooke it was at all times much in a man who

came to him for assistance to be a Christian closely interested in the cause of the church, but to be a minister wholly devoted to work in the Lord's great vineyard, was at once an open sesame to his heart. He believed it a holy calling, and reproved those who had entered it for leaving it to seek the greater rewards of other pursuits. "My own views have always been," said he on one occasion, "that a clergyman, although he live upon bread and water, and although he be cast out and have troubles of all kinds, has no right to desert his calling or be absorbed in any species of money-making."

Jay Cooke's friendships were filled with the truest sentiment and were in fact, as some one has said, nothing less than love affairs. On a certain Christmas eve he asked his friend, Dr. Richard Newton, to take a drive with him into the country. The carriage halted at a new and commodious cottage with an octagon tower. His companion, Dr. Newton, admired the house, and after they had fully inspected it, asked who was to live there.

"You are to live here," was the reply, "and here are the keys and the title deed. You have opened the kingdom of Heaven to me, and have led the way to the mansions of our Father in Heaven, and the least I can do for you is to see that you have a place of your own as long as you are a pilgrim and a stranger upon earth." [1]

Mr. Cooke gave liberally at all times to his friends for their churches and Sunday Schools when they wrote to him to ask it, and as his reputation for Christian philanthropy spread, and it was known that this was his favorite form of benevolence, he was in receipt of appeals

[1] *Public Ledger.*

from needy congregations in all parts of America. Many churches in the South which had been destroyed by one or the other army asked him for aid and he was besought to contribute to funds to rebuild more than one house of God which was in ruins on the line of Sherman's devastating march to the sea. Hundreds of churches, if their histories were to be written, would find Jay Cooke's name upon the list of their benefactors, and a considerable number of them are entirely beholden to him for their existence. Single-handed he maintained several ministers who assisted him in directing his charities. In his homes prayers were always said in the mornings, Mr. Cooke himself leading in the service if no minister were present. Invocation was accompanied by singing and reading of the Scriptures. Frequently in the evening also there was a religious service. Church and Sunday School engagements were never neglected, and the President of the United States, the Prime Minister of Japan, or whoever the guest, if he remained over the Sabbath day, would go to worship with Mr. Cooke in spite of himself, just as many other things would be done irresistibly in the wake of such enthusiasm. The preachers and their families came often to "Ogontz." They were absolute proprietors of Gibraltar for the time intervening between Mr. Cooke's spring and fall visits, and many hundreds of poor ministers whose scanty stipends would not admit of a vacation from the monotonous drudgery of their parishes, were treated to ten days or two weeks at the financier's island home. As he himself said, it was not for "the fat and well-provided for clergy, except occasionally," and only the lowly workers need expect to enjoy these favors at

Mr. Cooke's hand. The recipients of the bounty were recommended to him in various ways, perhaps by Dr. Richard Newton, Dr. R. B. Claxton, Dr. E. W. Appleton, Dr. S. A. Bronson, Thomas H. Stockton, Robert J. Parvin, D. S. Miller, or some other trusted ministerial friend. Occasionally Secretary Chase, John Sherman or a friend in political or business life would ask the hospitalities of the island for a pastor grown weary in ill-requited service. Indeed an invitation became a much sought after prize. The places were often taken several months in advance, so active was the rivalry for these happy holidays which were the more enjoyed by reason of Mr. Cooke's payment of the traveling expenses of his guests to and from their homes, as soon as they should forward their accounts to him and state what had been laid out for the journey.

The guest must come alone. His family, if he had one, must remain at home. It was the financier's desire that parish, wife, children and all, for a little time, should be forgotten, that the parson should be a boy again amid the bounties of Gibraltar. Boats and fishing, bathing and croquet, a well supplied table, the jests of other clerics were to fill each one with cheer enough to serve through the next winter. The guests were not unappreciative of such kindnesses. One wrote in the Gibraltar Records:

"We sing the tree-clad island rock
Where Perry planned the battle shock
And graved a during name;
Where now a Christian banker's dome
Bids weary Christian toilers come
To find a tranquil sacred home,
And wasting strength reclaim,

THE FOUR JAY COOKES

"A love-lit radiant isle is this
A kingly seat of mortal bliss
On Erie's heaving breast;
Where sinless pastime, song and prayer
And balmy fragrance in the air
Beyond the reach of burdening care,
Prefigure Heavenly rest.

"Lo! here the lake nymphs carve their caves
'Neath rocks, and ride in glee the waves
That thread the needle's eye;[1]
And birds of charming note and wing
Make glen and grove and grotto ring,
While harebells down the cliff brinks fling
The azure of the sky."

Indeed his visitors were so much enamored of Gibraltar that in June, 1871, Mr. Cooke was impelled to write in a bold hand in his Guest's Book, where all might see it as they turned its pages in his library in his absence, urging them not to go home to spread the idea that it was a "retreat or asylum" to which all might come for the asking. He bade them remember that it was a private residence. A false impression brought him many applications which he could not grant, and it was always a pain to refuse them. Well might the ministerial party which was at the island home on September 18, 1873, write in the Records upon receipt of the news of the failure of the great banking firm, that it was "a sad, sad termination to a most joyful day." On the morrow the report was confirmed, for Mr. Cooke had telegraphed Mrs. McMeens that Gibraltar must be closed. "The writer of this record does it with a sad heart,"

[1] A crevice in the rocks through which the waves wash has long been called the "Needle's Eye."

continued the scribe in a book which was thereafter without an entry for several years, "for it may be the last time that these strong walls will resound with the joyous and happy voices of Mr. Cooke's clerical guests. This beautiful island has long been a place of resort for heart and brain-sore ministers of Christ's gospel. Here they have enjoyed the princely hospitality of God's generous steward and have felt that returning vigor of mind and body which they could scarcely have felt elsewhere. I feel as I write these few and feeble words that I am the last of my race."

Mr. Cooke's antipathy to the ritual of religion was pronounced. He was no respecter of ceremony in any of life's performances, and he vigorously opposed it in the church. When appeals reached him from High Churchmen he frequently had his secretary write, saying that his favors were reserved for those who taught the Word of God in his own direct and simple way. Upon one letter he made the following memorandum for a reply: "Mr. C. has no sympathy for High Church. Would not aid such influences." Upon the arrival of a High Churchman at Gibraltar in 1866, Mr. Cooke wrote in the Records: "How can a Christian man be a High Churchman? To my mind it always shows a weak spot somewhere, 'bad bringing up,' and I always pity them; but I suppose we must not judge them, but have loving charity for the men, if we have none for the principles." His views upon some of the points at issue were clearly expressed in a letter to his friend, Dr. Bronson, on July 9, 1867. He wrote as follows:

I stated two points, one was that I had not the slightest belief in apostolic succession; the other was that any concurrence in

the truth of the opinion in any manner, shape or form qualified or unqualified was wrong and would breed mischief and trouble. My reference to all being successors of the apostles was merely to state my belief that there is no succession. No succession is intended to be taught by the disciples or by their Lord, but all are on a par who love the Lord Jesus Christ in sincerity and truth. . . . Come out boldly on all occasions for the great truth that Jesus Christ is the head of the church and that the church of Christ consists of all faithful believers in Him. . . . I love our Episcopal church as an organization and as an aid and a help to the worship of the true God. I think that it has advantages for those who are fully educated up to its privileges in some respects superior to those of any other church organization, and taking some few things from the Prayer Book I think it an elaborate and delightful system of worship. I also believe that our system of bishops, priests and deacons more nearly follows that which Christ and his immediate followers adopted, and I also agree with you that we must have order and authority in every church. The sum of all is this. The natural tendency is towards rites and ceremonies, and forms and human traditions, and theological tyrannies, and we evangelical men must fight against all this. We must get down at the feet of Jesus and be taught by no one but himself. This will not interfere at all with law and order in our dear church, but it will give us perfect charity towards all who do not in non-essentials concur with us, and it will rapidly commend our church to all other denominations, gradually absorbing many of them, if in minor matters the Lord thinks it best that men shall be of one mind. . . . What I say I say with great diffidence because I am entirely unlearned in all these matters and do not profess to be able to teach others. I only know what my own thoughts are.

On August 14, 1869, Mr. Cooke wrote to the Rev. Dr. Dyer of New York concerning the revision of the Prayer Book. He wished it to be "an American book in plain American words and sense, full of the simplicity of the blessed Gospel, in which Jesus alone shall be

recognized and supreme in every page, and in which the universal church of all true believers with simple gospel story, shall be cordially and unmistakably acknowledged. This is what we long for, and with God's blessing, will have. We want a Book of Prayer because we are convinced that great good and comfort are thereby insured. We will use it as a means of grace and edification and of order and dignity in the great congregation, but not slavishly binding even there, and not to intrude like a stalking robed priest into our social and prayer meetings."

"The whole Prayer Book, my dear Bishop," he wrote to Bishop Henry W. Lee in 1871, "should be taken hold of by conscientious evangelical hands and remodeled to suit the Protestant feelings of America, and everything that looks like priestcraft, apostolic succession dogmas, regeneration dogmas, exclusive dogmas, uncharitable, un-Christian, inhospitable dogmas, all should be stricken out. We should come down to the basis and put our feet on the rock Christ Jesus and go ahead."

Mr. Cooke believed that the Lord's table should be thrown open to all believers. He made gifts to many churches in Duluth, but to that one intended for the Baptists he attached a condition, requiring open communion, whereby he created a great pother, one of their church papers calling him "the narrowest of the narrow, and the prince of bigots." To a request for aid for a Baptist church in Olympia in Washington Territory, Mr. Cooke had his secretary respond as follows:

Mr. Cooke desires me to ask you whether this little Baptist church is a Christian church, *i. e.*, open communion, or whether it adheres to what he abhors, close communion, ignoring other

Christian communities. If it is an open communion church he will gladly help them, but otherwise cannot conscientiously do so, as he is opposed to all narrowness and exclusiveness in his own church and battles against it continually, and in consistency must do it also in regard to other churches.

Even churches of his own communion fell under his ban in 1872. On April 20th of that year in response to an appeal for aid for an Episcopal congregation in the Northwest Mr. Cooke wrote:

I love to give to churches and feel it an unusual privilege to help those in new and struggling communities. When the Episcopal church at Duluth was first organized the laws of our Protestant Episcopal Church were not as stringent as they are now, and it was understood that it was to be a liberal Christian church, acknowledging all other Christian denominations, such as open-communion Baptists, Methodists, Presbyterians, Lutherans, etc., as equal churches of the Lord. Our church has fastened upon its members by its canons a most hateful provision binding its ministers not to acknowledge common courtesies and hospitalities by the occupation of our pulpits occasionally by brethren of other denominations. I therefore refuse until this wicked law is rescinded to aid in building other Episcopal churches. A portion of the Baptists have a law strictly maintained, to my mind equally anti-Christian, and I could not conscientiously give to maintain such a system, viz., close communion. If your church is of a different character, or, in other words, if I, an Episcopalian, could commune in your church if I felt like doing so while in Duluth, I am willing to aid you; if not, *not,* for I can conceive of no greater wickedness than the exclusion by law of any good Christian brother from our pulpits, or his exclusion on account of a mere form of baptism from your communion table.

These years were marked by much contention in the Episcopal church, culminating in the celebrated trial of Rev. Stephen H. Tyng, a case which enlisted the deep

sympathies of Mr. Cooke. When the Reformed Episcopal church was organized in 1873 it was expected that he would identify himself with that wing, but the leaders were disappointed in this hope, and he remained true to the parent body, his attachment and devotion to its canons deepening as his life advanced.

Mr. Cooke dedicated his new homes with religious services. At Gibraltar he opened the Guest Book with this from the Psalms: "Except the Lord build the house they labor in vain that build it." Upon the completion of "Ogontz" at Christmas time in 1866, he disbursed $10,000 as a thank offering through a committee of his ministerial friends, comprising Robert J. Parvin, Richard Newton and R. Bethell Claxton, who, without naming the donor, distributed the sum among poor clergymen.

Regarding the observance of the Sabbath Mr. Cooke had very rigid views, and worldly occupations or pleasures and neglect of worship on that day were sacrileges which he could not excuse. He would not travel by rail or boat on Sunday, and was not glad then to receive guests. On Sunday, June 17, 1866, General Sherman came to Gibraltar in a revenue cutter from Detroit with a party of army officers. Mr. Cooke wrote in the Records after their departure:

> Why is it that the grave duty and rich pleasure of keeping sacred the Lord's day is almost wholly unknown amongst the warriors and statesmen of our country? It is a sad thought that that righteousness which exalteth a nation, so far as our rulers and leaders are concerned, is not thought of or regarded as it should be.

Mr. Cooke relates that he was under the trees when

VIEW OF "PERRY'S LOOKOUT" AND THE "NEEDLE'S EYE"

he saw his visitors approach, and he tried to discourage them from stopping by going into the house and omitting the salute, which awaited coming guests in a little cannon and flag pole on a rocky eminence called "Perry's Lookout." When they insisted upon a visit he went out and welcomed them. He continues his observations:

> During the war the excuse was that it was a work of necessity, but this excuse is not valid now, and never was, and there was no sort of excuse for General Sherman's journeying on the Sabbath. He should have remained in Detroit and permitted his officers and men to rest and attend church, and have attended himself that he might set a good example. Monday we would have felt a thousandfold more honored. We would have had all flags flying and his welcome would have been more sincere.

Mr. Cooke would have had the trains upon his railroads stand still on Sunday, if it had been in his power to effect such a result, and he made an effort in this direction on the line running from St. Paul to Duluth. In the summer of 1871 he was told that Sunday excursions were projected and begun by Frank H. Clark, then president of the road. Upon Mr. Cooke's positive orders the further running of them and of all other trains of whatsoever kind was discontinued indefinitely.

He expected an observance of the Lord's day by his partners and employees. By their unseemly deportment in this regard they forfeited his respect and confidence, and in his view injured the credit of the firm. He wrote to his Washington men, asking them to investigate the reports which reached his ears regarding the laxity of Lincoln and Grant on the Sunday question. In November, 1868, after the latter's election to the presidency, Mr. Cooke, who seems to have felt some responsibility

for the conduct of one he had helped to elect, addressed William E. Chandler, in reference to Grant's Sabbath policies. Chandler replied:

I do not know whether or not General Grant is approachable on this subject without the motives of those who converse with or write him being misapprehended. A President-elect passes into a new atmosphere where even his most intimate friends cannot talk to him as before. He achieves greatness, but thus in a certain sense loses all his friends. Mr. Lincoln, notwithstanding many grave faults, always respected the religious sentiments of the country. I hope and believe General Grant will do the same. Still he is to-day the most independent man on earth, and if his own desires and inclinations do not lead him in the right direction it will be difficult for any other influence to affect him.[1]

Mr. Cooke concerned himself very closely with the cause of educating young men for the ministry, and paid the way through schools and seminaries of many who expressed a desire to lead a spiritual vocation. He was a trustee of the Divinity School of the Protestant Episcopal Church in West Philadelphia, and in 1864 gave it $30,000 in United States ten-forty coupon bonds to endow a chair of Pulpit Eloquence and Pastoral Care. He nominated Theodore Irving of New York as its first incumbent, but he declined, and the professorship was held for several years by the donor's very intimate friend, Dr. R. Bethell Claxton. The endowment was increased by later gifts and accretions until it stands to-day at $54,000, being known as the Jay Cooke Professorship of Homiletics. At the same time Mr. Cooke induced his principal partner to make a like gift to the school. With $30,000 Mr. Moorhead endowed a chair which still bears his name.

[1] November 20, 1868.

In May, 1866, Mr. Cooke gave Bishop Lee of Iowa $10,000 in aid of Griswold College in that state, and in the same year $25,000 (later increased to $30,000) to found a chair at Kenyon College at Gambier, Ohio, where Bishop Bedell was increasing the endowment of the theological seminary. For the post Mr. Cooke named his friend, Dr. S. A. Bronson, of Sandusky, but the latter, who proved not to be a good teacher, was soon deposed, to his own and Mr. Cooke's great mortification. It was and is still called the Eleutheros Cooke Professorship, the donor desiring that it should perpetuate his father's memory.

In 1869 Jay Cooke donated $5,000 to the Divinity school at Cambridge, Mass. The theological seminary was a favorite object of his charities and his interest in this department of church work was further seen in the noble support he gave to the Evangelical Education Society, of which he was president, and the leading financial and managerial spirit for many years. Rev. Robert J. Parvin, until his death in a steamboat disaster, was the secretary. This society secured students for the divinity schools and sustained them while they were being educated, assuming the charges at one time in the sixties for more than one hundred young men. In November, 1869, Mr. Cooke's attitude on the High Church question led him to resign. He wrote to D. S. Miller, the acting secretary of the society, as follows:

You remember that I have for some months contemplated resigning the presidency of our society. My reasons were that my well-known advanced and extremely radical position was, in my judgment, good cause for such an act, and as my observation tells me that a large majority of those who have heretofore sustained the society, and who must be relied on to manage its

affairs and sustain it pecuniarily hereafter are not in sympathy with my advanced views; also that many of the teachers of our young men in the seminaries and preparatory schools and nine-tenths perhaps of the young men themselves do not, and it seems cannot place themselves on a real genuine evangelical platform,—I say for these reasons I cannot but feel that I am out of place as your president. If I have anything to do with these matters I must talk and act out my honest convictions, and perhaps more so in the future than in the past.

He also asked that the accounts of the society should be transferred to another bank at which the treasurer should not be allowed to overdraw. Jay Cooke and Company were largely in advance to the young ministers. To wipe out this indebtedness Mr. Cooke offered to contribute $3,000, which, with other sums he had subscribed during the year, would be fully one-fourth of all that had come from all sources for the work of the society. Lest it be thought that his going out of office indicated on his part a disposition to shirk his responsibilities he would pledge himself to pay $2,000 for the ensuing year. "Perhaps I will do more," said he, "if I can spare the funds and find special cases that promise to yield such results as my heart longs for." The society refused to accept the financier's resignation and he was its president until 1873.

Mr. Cooke was officially associated with several other charitable and religious organizations. He was long the president or vice-president of the American Sunday School Union, to which he gave freely. In 1867 he sent it $5,000 to forward its work in the South. He was a vice-president of the Citizens' Association of Pennsylvania, which was to keep the legislature advised "on the dependent, depraved and criminal population of

the commonwealth, and on all matters relating to the causes of and remedies for pauperism, vagrancy and crime." Dr. Joseph Parrish was the president of the society, and it was largely under the management of Friends.

Individually Mr. Cooke had been very free with his gifts of Prayer Books, tracts and Bibles in hospitals and camps during the war. He had made large donations to the Sanitary Fairs, but this service did not prevent him from actively aiding in the work of the Christian Commission. This humane organization was established as a result of a convention of the Young Men's Christian Associations of the loyal states, held in New York in November, 1861. Its object was to supply the army and navy with clothing, food, hospital stores, Testaments, hymn and prayer books, newspapers, magazines, etc. The Commission had a number of volunteer delegates who worked upon the battlefield, visited the sick and wounded, attended the dying with prayers and buried the dead with Christian rites. George H. Stuart of Philadelphia was its chairman, while Jay Cooke was a member of its Executive Committee, as he was of that of the organization which grew out of it at the end of the war, the American Christian Commission, formed "to promote home evangelization."

For several years Mr. Cooke was also a vice-president of the National Asylum for Disabled Volunteer Soldiers. It established and maintained homes in different parts of the country for needy volunteers of the war. Benjamin F. Butler was its chairman. The board of managers once held a meeting at Gibraltar at the invitation of the owner of the island.

Mr. Cooke encouraged general as well as theological education, having extensive plans for the establishment of schools and colleges on the line of the Northern Pacific Railroad. For several years he contributed $600 annually to Princeton College to support a prize fellowship in mathematics.

A glad and hearty giver, he was at the same time, fond of a jest. Rev. Robert C. Matlack used to relate this story of a visit he one time paid to the financier in Philadelphia:

I was one of a committee appointed to visit our wealthy citizens and obtain a large sum of money for a certain charitable enterprise which was unquestionably a worthy one. Among the men we had planned to see was Jay Cooke, for at that time he was rated as one of the richest men in the world.

I had a personal acquaintance with Mr. Cooke, and I suggested to the committee that they let me do the talking, a proposition to which the other members readily agreed.

We called at his office and were cordially received. I explained the purpose of our visit, and said that we had come to ask for a contribution.

"Well, Mr. Matlack," he said, leaning back in his chair, "the object is certainly a good one. How much do you expect me to give?"

The rest of the committeemen held their breath, but I put on a bold front and said:

"We have put your name down for $10,000, Mr. Cooke."

"Ten thousand dollars!" he exclaimed. "That's a pretty large sum, Mr. Matlack."

"True," I replied, "but you must remember that you are a very rich man."

He thought for a few moments and then called his secretary.

"Let me know the balance of my O. P. J. account," he said.

Presently the secretary returned with a slip of paper, which he handed to Mr. Cooke. He glanced at it and said quietly:

"Draw a check to Mr. Matlack's order for $10,000,"

The committee was fairly paralyzed with delight. It had been so easy and had required so short a time.

As we were going out, Mr. Cooke said to me:

"When you die, Mr. Matlack, I shall ask the privilege of furnishing your tombstone and writing your epitaph."

"What would the epitaph be?" I asked eagerly.

"Luke, sixteenth chapter, twenty-second verse," he responded. "And it came to pass that the beggar died."

Naturally, I was chagrined, but Mr. Cooke came to my relief. His gravity relaxed and he smiled — ah, I can see that smile yet — as he said:

"But you must know, Mr. Matlack, that there is a delightful finish to the verse — and was carried by the angels into Abraham's bosom."

Rev. William Wilberforce Newton relates that at one time shortly after the war, when Phillips Brooks was the rector of Holy Trinity Church in Philadelphia, Mr. Cooke proposed to furnish the money for the evangelization of the United States. Mr. Brooks had been invited to meet the financier at "Ogontz" to hear the plans for this undertaking. Just as he had preached the five-twenty and seven-thirty loans to the American people in the war days, and they had been converted, so Mr. Brooks should sever all connection with parish work and preach the gospel to every town and city in America from Maine to Texas, and from ocean to ocean. The young pulpit orator was to arrange all the details as to helpers, itineraries, methods and means, and Mr. Cooke would pay the bills and give him whatever salary he asked, which would be more than he could hope to get from any church. It was a colossal scheme for a great Christian crusade. Mr. Cooke had saved the nation financially; might he not also save it religiously?

"Why have you declined this great opportunity?" Mr.

Newton asked Mr. Brooks, who was still glowing with the immensity of the proposal.

"Because," he replied, "if our Lord has founded the Christian church the church must do its work in its own way, and not by proprietary methods. And it might mean after a while only another sect on the earth. Besides, as the movement grew it would have to be guided, and Mr. Cooke's conception of the faith might differ from my own—and then where would we be?"

The financier's kindliness to all men and his attitude of special sponsorship for ministers very naturally led to trespass upon his private rights. He became the victim of a good deal of fraud and imposition, for while a man who had lived such a career in the business world was not without unusual knowledge of human nature, it was his habit to the end to assume that the motives of those about him were good. It may be truly said that he thought and spoke ill of no one. He had the same code of morals for all days, and all years, and all varieties of social relationships. He was himself, let others be what they might, and he could not always detect a charlatan. His friends frequently suggested the possibility of his being deceived by some supplicant who came in Christian garb to tell a heart-rending tale of suffering and want. Mr. Cooke himself did not have the desire to examine into such matters. Distress was hard enough; to know that the story of it told in the name of religion was an invention would have only added to his disturbance of mind. If such duplicity there were, he seemed to prefer to have no knowledge of it, and passed through his life always believing that men, even if they had directly injured him, were much better dis-

JAY COOKE FISHING

In his trout stream in Northern Pennsylvania

posed than they seemed to be to others who were clothed with less than his great portion of charity.

He used himself to tell with relish the story of an old negro who came into his office from time to time for money for a church in Virginia.

"I'se heard how you was good to dem dat preach de Word of Gawd, and I'se come to ask for a subchristun to de chuhch," the old darky would say.

He came and received five dollar bills for that church so frequently that Mr. Cooke's suspicions were finally aroused, and he made some inquiries regarding it, only to find, as a good many in the office for a long time supposed, that there was no such congregation as that one which he was so often called upon to befriend. When the pious negro came again Mr. Cooke told him of the investigation.

"Oh, Marsa Cooke," the man broke in, "dat is a mistake. Dar's a mistake dar, somewheah, shure, Marse Cooke. Dat's a fac. Deed 'tis."

So eloquently did he plead that Mr. Cooke finally said he would give five dollars more if his visitor would promise never to come into the bank again. The darky hemmed and hawed at such a restriction upon his rights and liberties, but at length agreed, whereupon Mr. Cooke handed him a book and administered the oath in the presence of the clerks as witnesses:

"You do solemnly swear that you will not come in here to bother me again?"

It was but a few days until the familiar face was once more seen at Mr. Cooke's desk.

"You scoundrel!" said he. "You swore on the book that you would never trouble me again, and here you

are. What do you mean by coming back to interrupt me at my work?"

"Yas, I did sweah, dat's a fac. But Marsa Cooke dat book I sweahd on was not de Bible," said the darky imperturbably.

So unexpected a retort led the banker to relent. He again gave the man five dollars, sent for a Bible and repeated the oath with solemnity. Once more did the same darky appear in the office. Upon catching sight of his form Mr. Cooke shouted to a clerk to call a policeman and the fellow went flying out of the door never to return.

Mr. Cooke's love for the open made him a devoted and most expert fisherman. He was also skilful with a gun, but his favorite sport, in later years particularly, was fishing. At the most exciting periods of his life he found solace and enjoyment in this pastime.

"Fishing," Jay Cooke remarked to a friend, "teaches a man patience and zeal. There's no opportunity to lose one's temper, because you can't catch fish that way."

He so ordered his business that he could leave it for several days or a few weeks, and it was upon these trips when he lived among the fundamental things of the earth that he imbibed much of the strength and courage for his greatest undertakings. In the midst of the work of selling the war loans and the construction of the Northern Pacific Railroad, hunted down, oppressed and anxious though he were, he went off to fish with the enthusiasm of a boy. This became almost his only recreation, although he enjoyed some games. He had made a vow when young not to play cards, although he looked on at a game not without sympathy. He was

fond of billiards and could play chess, bagatelle and backgammon; but muggins was his favorite. In this game, played with dominoes, he gained the greatest proficiency. He made the calculations involving the high numbers with the remarkable facility which would be expected of one who had spent a lifetime in finance. With an interested partner he would follow this game far into the night, and it occupied many an evening at Gibraltar when the wind roared outside.

The chief attraction of this island for him was, of course, the fishing in the waters surrounding it, although it was in many ways fascinating. "How beautiful! how beautiful!" he wrote one time in the Records. "Can anything be more lovely than Lake Erie on an October day with a score of beautiful islands mirrored in its surface?" In the sixties and seventies, and even in the eighties, these waters literally swarmed with bass, and from the time the house was finished until 1873, Mr. Cooke allowed nothing to interfere with his regular spring and autumn visits to his lake-girt home. In those days the bass, which were of several varieties, the black bass being accounted the most delicious, were caught off the rocks all around the island. Many weighed four or five pounds each, and measured eighteen inches in length. Sometimes 200 or 300 were caught in a day. On the visit in June, 1872, Mr. Cooke and his party at Gibraltar hooked 3,862 fish, nearly all of which were black bass and pickerel, the combined weight of the haul being about three tons. He told Whitelaw Reid that he had caught over 2,000 of these with his own hands. He often had the most expert competitors, but he always got more than the best, and often two or three times

as many. He brought up fish when they could not, and under their very eyes. One day he went out with Governor Rutherford B. Hayes and Mrs. Hayes. She could not catch a fish, while Mr. Cooke was very successful. He gave her his seat and his line, but she still got none.

In October, 1868, when General Benjamin F. Butler was at Gibraltar, he caught two while Jay Cooke drew in twenty. Their unequal success left the general with enough good humor, however, to prepare a "chowder" on the rocks after the sport was suspended. On another occasion Jay Cooke caught twenty-three out of twenty-five; again sixty-five out of ninety-two. When 152 were caught 100 were drawn up on his line, and on another day with ten in the party, when 377 fish were taken, Mr. Cooke was credited with 177. However large the catch of fish they were never ruthlessly wasted. When there were too many for use at Gibraltar, where there were many hungry epicures, they were sent to vessels in the harbor, or to the Put-in-Bay Hotel, with directions that they be served to the guests, or to the islanders—all of whom knew and loved the financier settled in their midst. To many he had made personal visits. When he did not give them fish he sent them books, with candies and oranges for the children. There was hardly a house on the islands without some memento of him. While she lived he would often have the fish packed in hay and ice and shipped to his mother in Sandusky. If she could not use them she might distribute them to her friends.

Mr. Cooke enjoyed the eating as well as the catching of fish just as he took enthusiastic delight in all of life's wholesome pleasures and pursuits. He preferred one that came from the cold deep waters of the lake. He

said its flavor was better; those swimming near the shore were less good. One of his earliest insertions in the Gibraltar Records is the following: "I would recommend our friends to bleed such choice fish as they catch at once and to send them to the ice chest. A fish is, of course, thrice as delicate and wholesome thus cared for. My old friend, Dr. Hering of Philadelphia, says fish that have been drowned in the air are about as fit to be eaten as an ox drowned in the water, and the doctor is right. Both the ox and the fish should be killed and the blood drawn from them, whilst it is warm, or at least not stagnated."

It was a sight worth coming far to witnesss to see Mr. Cooke at table after a big day's catch. He would split a fine bass for each guest, take out the bones, butter it thoroughly and send it up with such a recommendation that it was doubly enjoyed.

With Mr. Cooke fishing, like everything else which he essayed, was a business to be done thoroughly and with the whole heart. It must be done "man-fashion," a word which he so often used when making rules for himself and others. He always stated the day's catch in the Gibraltar Records and asked that his guests, in his absence, should follow his example. Chase, who came often and who once wrote in the Records in French, what he no doubt felt more intelligibly in English,

Venir c'est la joie,
Partir c'est le regret.

had many fishing trips with Mr. Cooke. In October, 1865, it is written in the Records:

The greatest excitement was occasioned by Governor Chase finding his line caught and held by what he at first supposed

was a snag at the bottom, but which soon proved to be a very large muscalunge. The noble specimen of the fish family, in these waters on a tour of exploration, rebelled stoutly against being brought up before the Chief Justice of our nation. The trophy escaped and the conclusion was reached that "there's many a slip twixt the boat and the lip (of a large muscalunge)."

Curiously Mr. Cooke was not very brave upon the water. He seldom went out in a sailboat, and once when he did so in a blow with a Gibraltar party, including Mrs. McMeens, it is said that he was very far from being well composed. Finally, leaning over to the captain, he said: "Mrs. McMeens is afraid," and with this excuse they returned. He usually made his excursions under steam. Rising early in the morning and fully attired for the sport he soon had the whole house astir. Going down to the wharf he shouted across the bay for his tug, and, filling all hands with food, he was ready for the fishing trip. The little steamer carried rowboats. When the bass grounds were reached Mr. Cooke got into one of these, occupying a place upon the stern seat, while a man who was to bait his hooks and take off the fish, sat upon the middle seat in front of him. He usually had a line attached to a rod on one side and his favorite dipsy apparatus on the other, minding both with much pleasurable absorption. He drew in his line in his own way and in general was a law unto himself, his success being the marvel of all who witnessed it. Thus he would fish from morning till night, in all weathers, his fall visits often keeping him at Gibraltar when the days were very cold.

He attacked his sport with boyish zest and brooked no rivalry. On June 30, 1869, he wrote his brother Henry, from Gibraltar:

There are a lot of old fogies who come here from Cincinnati and Dayton that pretend to set the fashion for fishing. They have been fishing here for four years, I for forty. They object to a dipsy (our usual mode of fishing east), whilst at the same time they use trolling hooks with three to five hooks in a bunch. These fellows, on the same principle, would object to using a double-barrel shot-gun, or a breech-loading gun, or decoys for ducks, etc., and would ride in a stage coach rather than go in a railroad car. Old Starbuck [editor of the Cincinnati *Times*] sits in an easy chair in his boat, has a boy to row him, and fishes with a rod and cork. He watches his cork till a fish pulls it down, and then he pulls it up, and lets the fish run round a quarter of an hour, frightening away all the fish in the neighborhood. This he calls scientific. Bah! Let them hire tugs, ice the minnows to keep 'em fresh, search the reefs and deep places of the lake for bass, and they might compete with me. I use nothing but the pole and line, the trolling hook and the dipsy, single hooks, or perhaps three or four at a time. They are jealous, and take this means to cover their own stupidity.

During the war, and in the years immediately following it, Mr. Cooke, upon his visits to Washington, fished in the Potomac, when he was often accompanied by men of his own rank and distinction in the counsels of the government. He was also wont to indulge in sea fishing in summer with Senator Cattell and other friends, joining "Tom" Beesley at Cape May Court House in southern New Jersey, where they went out for drum. He occasionally visited the streams upon his South Mountain estate in southern Pennsylvania, and on the Lake Champlain iron property on the borders of the Adirondack Mountain region, where he made large catches of trout. He went to Maine for trout-fishing also. He was a member and the vice-president of the Oquossoc Angling Association, to which many promi-

nent New York merchants and bankers belonged, and which had a club house, "Camp Kennebago," on the Rangeley lakes.

As a young man when the ducks were plentiful on Lake Erie, Mr. Cooke often indulged in hunting excursions, but this sport failing, he confined himself to the turkeys and rabbits on the islands. In later years some of the inhabitants propagated turkeys that he might find them more plentiful when he came with his gun, and to encourage this civility it was his custom to give the owners one dollar each for the fowls which he shot.

CHAPTER XX

RECUPERATION AND LAST YEARS

The sudden reversal in Jay Cooke's fortunes led to expressions of opinion concerning him as various as the habits of mind and thought of the men who uttered them. The first impression of surprise gave way to sympathy, which was almost universal. It was generally recalled that he had been the nation's principal prop during the war; his open-hearted benevolence was widely talked of and it is safe to say, when all things were considered, that no one compelled to undergo such an experience, was dealt with so charitably by his creditors and those who sit in judgment upon the affairs of their fellow men.

In Washington Edwin L. Stanton, a son of Lincoln's famous Secretary of War, was appointed receiver of the First National Bank, which had closed its doors so hastily, and as some thought, needlessly, thus forfeiting its charter under the national banking law. He was a lawyer in Washington and had been Secretary of the District of Columbia under Governor Cooke. The affairs of Jay Cooke and Company's Philadelphia, New York and Washington houses were placed in the hands of a trustee, E. A. Rollins, ex-Commissioner of Internal Revenue, who had more recently been connected with the National Life Insurance Company. To him all partnership and individual property involved in the failure

was surrendered, and dividends were to be paid from time to time as the resources of the estate justified it. He was to act under the direction of a committee: S. M. Felton, late President of the Philadelphia, Wilmington and Baltimore Railroad, William C. Houston and Dell Noblit, Jr., President of the Corn Exchange Bank. When all the debts were paid the remaining property was to be re-assigned to the firm. It was hoped that bankruptcy would be averted, and if it had been possible to manage the estate under Mr. Rollins's trusteeship, the creditors would have been undoubted gainers in the settlements. No one knew the value of all the various species of property which Jay Cooke had accumulated as he himself did, and it testifies little to the perspicacity of the creditors that they did not at once unanimously resolve to give him the task of extricating them from the position in which they all found themselves. Business genius like his could not be had through an appointment by the United States District Court, and under his direction there would have been large returns comparatively soon.

Mr. Cooke and his brothers labored valiantly to obtain the number of signatures necessary to keep their affairs in their own hands, and about 73 per cent. responded favorably. But there were too many and they were too widely scattered to hope for unanimity, and a few were violently refractory. The petition of these was heard before Judge Cadwalader on November 26th, and Jay Cooke and Company and its various partners were then declared to be involuntary bankrupts. Gillingham Fell was the court's first choice for receiver, but he declined the office, and Edwin M. Lewis, President of the Farm-

JAY COOKE

After a day's snipe-shooting at Beach Haven, N. J.

ers and Mechanics' National Bank, was thereupon selected.

Jay Cooke now sought to secure an amendment of the bankruptcy laws, and at the meeting of Congress in December his brother Henry, E. A. Rollins, William E. Chandler, John C. Bullitt and others took the matter in hand at Washington with some hope of success until one or two members concluded that such legislation would somehow operate for the benefit of the great financier of the Civil War, said so publicly and changed every calculation.

Recourse must now be had to the forty-third section of the existing law. A general meeting of the creditors was called for January 15, 1874, in the hall of the Assembly Buildings at Tenth and Chestnut streets. It lasted through two days, and the sessions were stormy. Finally they elected Receiver Edwin M. Lewis as trustee, and this committee of creditors: John Clayton, Isaac Norris, Robert Shoemaker, Joseph Brown and Charles P. Helfenstein. Thus was begun a long and tedious process of liquidation.

It was at first assumed that the suspension would be only temporary. But two or three junior partners seem to have perfected their arrangements to engage in other businesses before the failure came, and the overwhelming character of the disaster, as one banking house followed another contagiously, and industry after industry was stricken, made it quite clear that there could be no reorganization. Some now began to trump up great claims against the estate, many to distrust, blame and even abuse, while perhaps but a few continued to feel that loyalty to him who was once their idol and from

whose hand they had so long been fed. Adversity is a severe test of friendship, and Mr. Cooke was made in the patience of a great benign spirit to see what was now the conduct toward him of men whose praise and flattery no longer promised them the accustomed rewards.

Since so much space has been given to General Sargent's European adventures, and it was at once assumed by the public and the press that the failure was due to their unsuccess, it may be well to give the letter which Mr. Cooke received in 1874 from this former agent of the Northern Pacific Company. Moreover the communication presents his side of the case. Although he had been paid very large sums of money in salary, and for the defrayal of the expenses incurred in making his prolonged negotiations, he wrote from New York on February 26, 1874, as follows:

It has been long since I have had the pleasure of addressing you and I should not intrude upon you at this time if I did not feel from statements made to me that I have been placed in a false position. During my connection with the N. P. business in Europe my whole time, my entire energies were given to make it a complete and entire success. And I have positive proofs in my possession that will prove that if I had received the hearty coöperation of your partners it would have been the greatest success of the age. But Mr. McCulloch always believed that the N. P. enterprise was the "old man of the sea" with his legs about his neck, bound to eventually strangle and ruin J. C. McC. and Company, and he never talked ten minutes with any man on the subject that he did not effectually damn the enterprise with faint praise. Puleston was even worse than McCulloch and always acted as if he was ashamed to own he had any connection with the business. Frank Evans was the only man in the firm that was sincere in the belief of its value and entire success. The negotiation of the 50 millions by the Darm-

stadt Bank, Sol Oppenheim and Company and Bischoffsheim and Goldsmith was a sure and entire success had Mr. Fahnestock been at Cologne on the day agreed upon for the ratification of the contract instead of delaying the time for two days (against my most urgent solicitation) to partake of a grand dinner given him in London by Colonel Puleston. I have evidence to prove that had he met the parties on Wednesday as agreed, instead of Friday following, the contracts would have been confirmed by all the parties and the 50 millions of bonds sold.

The truth is, Mr. Cooke, that in this Northern Pacific business as well as in your regular business you were ruined and slaughtered by parties that you believed to be your confidential friends.

Before writing to you such letters as induced you to notify me that my services were no longer required in the N. P. business, John H. Puleston proposed to me that if I would divide with him my commission in the business he would make "everything as smooth as oil for me." Otherwise he would make it "so hot for me" that I would have to leave it. To which I replied, declining and daring him to do his worst. This threat he carried out. The history of my connection with the business I am ready to give, and I challenge a most searching investigation of it. The second negotiation with the Union Bank of Vienna would have succeeded but from bad faith upon the part of your London house. If your London partners had backed you, as they might have done, there would have been no more necessity for your failure than of the Bank of England. McCulloch is a good watch dog to guard a money bag. But when it comes to creating business or meeting an emergency he is, as we say out West, no account. The only position he has in England arises from his having been Secretary of the United States Treasury and his connection as your partner.

The London firm never did anything to carry out the negotiation of the N. P. bonds, but contented themselves in making all they could out of it for the time being. I am told that the failure of the N. P. business in Europe is attributed to my incompetency and failure to attend to my business. During the whole

time of my connection with it I never missed a single day, being at my office from 9 till 5 o'clock, and when ever necessary gave many more hours to it. I know who caused its failure and am ready to prove it. . . . The account forwarded to your firm to-day I believe I am justly entitled to and feel that you will say so at once. I did not feel like sacrificing half of it to a man for whom I have no respect, or I could have collected it long ago. . . . Puleston has been determined from the first to prevent its payment, or delay it because I would not let his rapacious jaw gobble the lion's share of it. I claim that I, in fact, negotiated 50 millions of the loan which, through the neglect of your partners *solely,* was not availed of. Hoping to hear from you, I am, as ever, Yours faithfully,

GEORGE B. SARGENT.

From many sides came letters of the most pitiful kind, calculated to increase Mr. Cooke's mortification. They told of hardships endured, of suffering to be endured. A gentleman wrote from West Chester, Pa., on February 7, 1874, as follows:

At the request of Eliza ————, a poor blind woman who holds a $500 Northern Pacific bond which her friend William ———— of Phoenixville advised her to buy from you, I write to state to you this bond is all her earthly wealth, and the loss of it will oblige her to go to the poor house. I thought perhaps you could do something for her in her destitution. Her case is not an ordinary one. She is without father, mother, sister or brother, and made what she had by honest labor. She told me, with tears running down her cheeks, that if she could only see to work she would not care. As you are by nature a benevolent man, I hope you will do something to relieve this destitute woman in her hour of extremity. For the sake of humanity let this matter receive your attention. It would call forth her prayers in your behalf and awake such grateful emotions as to assure a reward.

On February 24th a correspondent wrote:

I wish you would try and make up the money that you owe me, three hundred and sixty dollars ($360). I worked twenty-eight years to get that little sum together. I have to support an insane husband and am a poor woman. You told me and my little girl when we went to the bank to get out our money that all was safe, and if anything happened to the bank you would let us know. Did you do it? My number is 1127 Vine street. I shall look for the money, for of course it is a little bill to you which you could pay out of your private purse and make us comfortable.

The partners who had opposed the firm's alliance with the Northern Pacific could not resist the temptation of reminding Mr. Cooke of the merit of their recommendations and no retort could immediately avail. It was a distressing experience out of which little of a pleasant nature flowed. Seldom did he find among those whom he had so often befriended men that were glad to return the service in his day of need. Neither Congress, which refused to amend the provisions of the bankruptcy law for his benefit, in testimony of his invaluable assistance to the government, nor individual men, with rare exception, recognized the debt of gratitude for the substantial favors repeatedly enjoyed at his hands. Yet here and there was found a friend whose acts touched Mr. Cooke deeply. On February 21, 1874, Governor Marshall wrote from St. Paul:

My dear Mr. Cooke:

I have not written you since your business misfortune. It was in my heart to do so, but I knew that you would be burdened by the multitude of sincere letters of sympathy and I thought it best to be silent. I am moved to write now, enclosing to you a certificate of one hundred shares of Lake Superior and Mississippi R. R. stock, thinking that possibly it may have some value to you in making settlements. It is probably of no value to me,

so there is no merit in my offering it to you. It came to me through you from the trustees of the company. I never felt quite right about receiving it. Whatever aid I was able to render the company in making their negotiations was done without expectation of fee or reward. If it shall prove of the least value to you I shall be thankful to make so slight a return for your kindness to me. I only wish I were able to send you something of certain and substantial value.

While Mr. Cooke was debarred by law and the refractory natures of some of his creditors from managing his estate in that manner which would certainly have yielded the largest and most prompt returns to all persons concerned, it was not possible for him to be idle in their behalf. He encountered vast difficulties in the settlement of the affairs of the First National Bank of Washington and a less sagacious and determined spirit would have seen no way out of the troubles in which the firm was involved with that institution. He continued to express his steadfast belief in the future of the Northwest and the railway which was to serve it. He early arranged to satisfy some of the claims and reduce the estate's indebtedness by persuading creditors to take Northern Pacific bonds and exchange them for lands on the line of the road. This course had long been open to the bondholders. It was the guarantee which had always appealed most strongly to Mr. Cooke and he never permitted himself to think that a loan properly secured by rich American farming land at five dollars an acre could under any conceivable circumstance be a very bad thing for the investor. Those who were willing to take the northwestern farms in settlement of their accounts abundantly realized the truth of all his prophecies and the exchange was the foundation of many comfortable

fortunes. But this method of settlement was forbidden Mr. Cooke. Fahnestock, with apparent satisfaction in the thought, reminded him that he was no longer able to say and do as he would. Nothing remained but for the law to take its tedious course with Mr. Cooke looking on from an office which he retained in the old banking house at 114 South Third Street where his son Jay Cooke, Jr., and his son-in-law, Charles D. Barney, reopened the doors as Charles D. Barney and Company.

After his discharge from bankruptcy Mr. Cooke received many proposals for re-embarking in business. To none of these did he give serious attention. For example, he was asked to direct the sales of Mexican government loans which he had once or twice before declined to do, during the sixties. He was entirely content under the circumstances to keep himself free from further active business engagements and let time be his judge. "I have gone up in the tower and looked around," he was once heard to remark, reflectively, "and it will not be necessary to do so again." Aspersion and blame which naturally attended a failure involving great numbers of people wounded him. The event altered his life. It brought out a strain of sensitiveness which might not have been suspected in his regal nature. Upon the day of the suspension of his houses Stephen W. White, his private secretary, says that Mr. Cooke took up a letter from a friend asking him for his photograph with the remark, "He will not want my photograph now," and put it away unanswered. From a man who had royally made all the overtures—proposing, inviting and giving—he changed to one who felt the world's rebukes, silences and neglects. He had no intention of again be-

coming a banker though he had lost none of his acumen by his trials and defeats. He was content to counsel his son and son-in-law in the establishment of their business, while still carefully watching the management of the estate in whose ability to pay the creditors in full he implicitly believed.

The immediate course of the Northern Pacific Railroad was not promiseful. It was of course greatly to the interest of the estate that the company should restrict the issue of seven-thirty bonds to $30,000,000, as had been earlier proposed. But some were offered at $33 and $35 to meet the road's current necessities and there was risk that the prescribed limit would be passed. After the panic the bonds had settled to about this level of value and plans were being devised for funding the interest in five-year land warrant seven per cent. bonds until a happier season. But there was no escape from bankruptcy, and the President, General George W. Cass, was appointed receiver. The plans for the reorganization of the company called for $51,000,000 of preferred stock, to be issued in exchange for the seven-thirty bonds, and $49,000,000 of common stock, leaving the way clear for a new mortgage. To obtain the consent of the bondholders to such an arrangement was not an easy task and it was entrusted to General A. B. Nettleton. He personally addressed large meetings in several cities and counselled freely with Mr. Cooke. In three or four weeks he secured the written consent of the holders of nearly $25,000,000 of the $30,000,000 of bonds outstanding. The residue, largely estates and absentees who could not be reached immediately, at length approved of the arrangement also. The company could

now be reorganized under its existing charter and the property saved for the future. "My strongest card in convincing and converting the reluctant," General Nettleton recalls, "was the assurance which I made the most of that Jay Cooke heartily approved of the new plan. The confidence in his great personality and in his final judgment was unshaken. Thus he was a factor in rehabilitating the noble enterprise whose temporary downfall caused his own misfortune." [1] Charles B. Wright of Philadelphia was elected president of the reorganized road, and under a wise and conservative administration, in which he had the invaluable assistance of Frederick Billings, the company's resources and energies were husbanded for a period more favorable to a resumption of railroad building. Prophecies about the Northwest which had sounded idle before the failure were now worse, and they might much better be unuttered as they usually were by Mr. Cooke. He, however, had taken from the trustees of his estate several thousand shares of Northern Pacific stock at about $1.50 a share. Mr. Lewis said that he could not find a market for them, and being resolved upon their sale, Jay Cooke, with a return of the grand manner which had always characterized him, said that he would buy them, having devised a practicable plan for financing the operation. With this stock in hand he went to H. H. Houston, Joseph D. Potts and a group of Pennsylvania Railroad men who at a handsome profit had lately sold out the Empire Line, a subsidiary freight carrying company. They owned a line of boats on the Great Lakes and he suggested that they join him in obtaining a controlling interest in the

[1] Nettleton to the author, August 25, 1906.

Northern Pacific, bringing the products of the Northwest by way of the Philadelphia and Erie to the seaboard at Philadelphia. They looked at him in amazement and suggested that his reverses had upset his mind. Thus was Jay Cooke on the verge of regaining possession of his great railroad to the other sea, but the plan miscarried, the stock was scattered and the opportunity passed never to return, Mr. Houston and others to whom the scheme had been presented, living to repent of their decision.

Mr. Cooke did not need money for himself, and, upon his enforced removal from "Ogontz," in 1873, took up his life in a crowded little cottage, contemplating poverty with more grace than any member of his family. He had not a single expensive taste except that of giving pleasure to others. His food was simple. Travel which afforded enjoyment for many years to his partner, Mr. Moorhead, was not among Mr. Cooke's requirements; he had not been west of Duluth before the failure and had visited this—his own city—but once. He never crossed the sea. He did not care for dress, horses, steam yachts or any vain indulgence. It is true that he found delight in fine homes, but in the last analysis only as a part of the machinery by which he could put joy into the hearts of his fellow creatures. The life which he personally enjoyed was in the open air in a rough coat and a pair of cow-hide boots waiting for the sign of fish or the stir of game. But under the heel of fortune he would not remain. Poverty could not long be his portion and riches and the ability to give cheer to those about him returned in the most dramatic of ways. Great figures which go down are frequently raised but

Mr. Cooke's reinstatement seemed almost like one of the Scriptural miracles. All his life he had firmly discouraged the propensity of his brothers and partners to put money into oil, silver, gold and other mining ventures. Lycurgus Edgerton, who had come Mr. Cooke's way near the end of the Northern Pacific campaign, advocating the road rather uselessly in Canada and Europe, had somehow got upon the track of the Bonanza or Horn Silver Mine in the Frisco Mining District in Utah. It lay 225 miles southwest from Salt Lake City and to reach it at that time it was necessary to travel 150 miles by wagon across an alkali plain. It was owned by four Irishmen and Scotchmen who fatally disagreed about the management of the property. For this reason, coupled with its inaccessibility, the mine was unproductive. Several times Edgerton called upon Mr. Cooke who, to the surprise of those about him, expressed favor for the scheme. At last he told his son, Jay Cooke, Jr., that he was going to put $3,000 into it. It was in vain that he was discouraged from the investment which included a renewal of the option and a full examination of the property. He himself went out to Utah with Mr. Edgerton who suddenly died of heart disease on the train near Salt Lake before the deal was consummated or even finally determined upon. Mr. Cooke had mining engineers go over the field for the value, quantity and accessibility of the ore, while lawyers were employed to examine into the titles to the claims. This was done in his usually thorough way without regard to expense and, satisfying himself that all was as it should be, the owners bonded the property to him in consideration of his promise to give them railway connections.

To Mr. Cooke this was but a slight detail. He told the four miners that in return for such advantages they ought to take a one-fourth interest in the road, which they did. On his way home he visited the Mormons at Salt Lake City who owned the road which reached its arm down into Utah toward the mine. They took another quarter, and, in the east again, he approached the Union Pacific managers, asking them to contribute the rest of the capital. He went to the office of Sidney Dillon then the president of the road, and presented his name. Mr. Dillon at once appeared.

"Why, how are you, Mr. Cooke," said he. The old financier did not know that they had ever met before.

"Don't you remember the time you gave me $20,000 when you were at Clarks?" continued Mr. Dillon. "I was in trouble and you saved me. What can I do for you? Whatever you say will be done."

Dillon had been concerned in the construction of the Philadelphia and Erie Railroad when Mr. Moorhead was a power in the management of that road, and in the presence of a vast number of transactions of much greater magnitude Mr. Cooke had forgotten the incident. His way was now easy. Mr. Dillon asked to be excused for a moment and returned with a man short in stature with a black beard who was introduced as Jay Gould. In all Cooke's visits to New York he had never met the evil genius of Erie, and Jim Fisk's partner in the doings of the memorable "Black Friday." Once when some one had offered to introduce him Mr. Cooke had declined the honor. Gould had by this time lived down much of the opprobrium with which his name was associated, and the meeting gave the two men mutual pleasure. Mr. Cooke

unrolled his maps and presented his case with the fascination of his halcyon days. He told Gould that the 176 miles of track to the Horn Silver Mine could be laid for $10,000 a mile, and that the old iron rails taken up on the line of the Union Pacific in Utah and old rolling stock could be utilized on the new road. Gould and Dillon at once acceded to the proposal.

"With us three men," Mr. Cooke remarked, "there is not the least occasion for a written agreement."

"No," said Gould, "go right ahead, we will take the remaining half and supply the money as fast as it is needed."

The contract was kept in all its terms. The road was completed and Mr. Cooke, so long as he lived, when others spoke ill of Gould, related this incident with the delight it always afforded him to say a kind word for a fellow-man. Mr. Cooke made a second trip to the mine and characteristically went far out of his way into Indian Territory to meet the wife of one of the Scotchmen from whom he had bought the mine, to persuade her, if he could, to rejoin her husband. Although under no obligation to do so, since no arrangement had yet been perfected, and without his interposition it is likely that none could have been, he gave Mr. Edgerton's widow enough stock in the mine to keep her and her daughter, who had married a French army officer, in comfort for the rest of their lives.

The Horn Silver mine proved to be of great richness and Mr. Cooke's income from the share he held in it was about $80,000 a year. In February, 1879, a company was organized under the laws of Utah with a capital of $10,000,000 (400,000 shares at $25 a share) and Mr.

Cooke sold the entire mine to Charles G. Francklyn of the Cunard Steamship Line, the owner of the cottage in which President Garfield died at Elberon, N. J., and Frank G. Brown, the son of L. B. Brown, whose name by elision was conferred upon that handsome extension of Long Branch. For his share in the mine, swelled by commissions for negotiating the sale, Mr. Cooke received nearly one million dollars. It seemed almost a godsend to him in the literal sense of the word, and it was soon easy to see what had lain nearest his heart in the sad years since 1873. He at once drew upon his new fortune to regain possession of his beloved homes. He had tried manfully in conjunction with the trustee of his estate to sell Gibraltar. But not many wealthy men had his appreciation of a home which, when the truth was told, was rather inaccessible. It could never be fashionable, for the strut and show of the world are not for those who dwell upon small islands without witnesses of their movements. It could not well be converted into a hotel. In short all negotiations had ended in naught and Mr. Cooke now proposed to re-purchase it. At a suitable valuation it was returned to him, and in the spring of 1880 the financier with a thankful heart came back to "the choicest spot on earth," as he described his island upon regaining it. In September he returned with a party of his children and grandchildren and there was much rejoicing, as may easily be guessed. The house was as he had left it seven years before. Carpets, pictures and books were in their accustomed places. Mrs. McMeens ("Aunty Mac") was reinstalled as the caretaker to serve until her death, and there were twenty-five years more vouchsafed to Jay Cooke to come and

go in the spring and autumn, and to fish and play muggins.

His gratitude for such favors at the hands of his Creator was often expressed in the Records. In 1890, as the time came for his departure, he wrote: "I have had a blessed time and feel strong, and that Gibraltar's roof had never sheltered a happier man." And again he wrote: "Many years from now when we old ones are all gone I suppose my children and grand and great-grandchildren will read these Records with curiosity and interest. Let them all understand that this dear Gibraltar was the gift of God to me; and I receive it as such; and have tried to enjoy it as such; and have tried to honor God here and show forth the Saviour's love by doing good." He felt at the last that he was "living on borrowed time," but he enjoyed this beyond all other homes.

It was not so practicable to resume possession at "Ogontz," for very shortly after the failure the trustee had put an auctioneer in the house and sold the carpets, books, pictures and all its treasures and accumulations, including many gifts and objects very dear in their associations to the financier. They were scattered to the four winds, a ruthless crowd of collectors, second-hand dealers and sightseers swarming the rooms, each to take away something from this once rich man's palace. The walls were stripped and the floors were bare but no disposition had yet been made of the house itself when Mr. Cooke's fortune turned. More than 200 acres surrounded the mansion and a portion of the land had been sold. Some 180 acres remained and when it was put up for sale in the auction rooms of M. Thomas and Sons in May, 1881, he bid it in for $113,500 through a Phila-

delphia real estate agent who encountered some active cross bidding by those who no doubt knew of Mr. Cooke's determination to own his home again. The place had suffered by neglect and required much expensive attention at once. It was scarcely feasible for him to re-occupy the great mansion, especially as it was denuded of its furnishings. After Mrs. Cooke's death he had made his home with his daughter, Mrs. Charles D. Barney. She and her family had lived at "Ogontz" until the failure, but leaving it they occupied a small cottage in the neighborhood until they could establish themselves at "Eildon," an old farm-house nearby on the York Road which was purchased from Frederick Fraley. Thither Mr. Cooke had gone with them. The house was burned to the ground in 1880 and a new "Eildon," the present home, was erected in its place, Mr. Cooke occupying, in comfort and happiness, a large second-story room overlooking the foliage of great trees and the greensward. The trains hummed past on their way to New York, the bells in his church hard by tolled the hours musically by day and by night. A few hundred yards away the village of Ogontz slumbered contentedly, as did the man who gave it its name in the same pretty sylvan neighborhood that he had loved in the days that were unmarred by regret or defeat. The countryside had not changed and many more had now discovered its beauties. P. A. B. Widener, William L. Elkins, John B. Stetson, John Wanamaker and several well known Philadelphians who had later accumulated large fortunes in trade and finance settled in the vicinity and built themselves handsome mansions.

The walls of Mr. Cooke's room at "Eildon" were hung

NEW DAM IN ST. LOUIS RIVER NEAR DULUTH

Jay Cooke's water power dreams realized

with blue paper covered with pond lilies that seemed to spring from some waters in which he had waded in his great boots on his fishing trips. The blue mantel and fire-place which had arrived from Japan after the failure, a gift of the Japanese Emperor in memory of the visit of his ambassadors at "Ogontz" in 1872 was erected at the end of the room. Many family pictures and mementoes decorated the apartment. A cushion upon the sofa proclaimed in stitching an appropriate sentiment: "Never fish in troubled waters." Jay Cooke never did.

Mrs. Barney had this home, a younger daughter, Mrs. Butler, lived upon an adjoining estate, and he was content to devote "Ogontz" to another use. It was too large to be re-opened as his home. Its most natural fate pointed to its conversion into a school and after expending $40,000 upon it he persuaded Mary L. Bonney and Harriette A. Dillaye to remove into the country with their school for girls, known since 1850 as the Chestnut Street Seminary. They were assisted as principals, and later succeeded by Frances E. Bennett and Sylvia J. Eastman. He said that they need pay him no rent unless they were able to do so and added so many favors and attentions to the principals and the pupils that the property yielded him very little income. He gave them many of the products of the farms whose tillage he superintended with interest and enjoyment, paid the caretakers of the grounds, provided the school with ice, coal, gas and water, and by his frequent visits and many gifts endeared himself to every girl in the school. Flowers and marshmallows; apples, cider, walnuts, shellbarks and butternuts by the barrel; valentines, and whatever his fertile fancy could suggest he gave the girls accord-

ing to the need and the season always with kind words and with gladness in his eye. The school which was opened in 1833 gained much celebrity because of his association with it, and it was frequented largely by the daughters of wealthy American business men in all parts of the country with whom Mr. Cooke's name always remained a valuable password. His own granddaughters were students here and more than one hundred girls, including the day pupils, have constantly occupied the house during the school term, their merriment infectiously adding to his zest in life as he mingled freely with them.

His mind continued to dwell upon the Northwest. With delight he read or listened to the reading of Longfellow's "Song of Hiawatha" and in imagination he lingered with the young Indian—

> By the shore of Gitchee Gumee,
> By the shining Big-Sea Water.

That his confidence in this region underwent no abatement in the interval, while the world reviled and doubted him, is shown by the fact that he reinvested in land near Duluth. He obtained control of the water power of the St. Louis River at the Dalles where he had long before predicted the establishment of a great manufacturing center, a very valuable property which was sold by J. Horace Harding to a company of capitalists just a few months before his death. This event brought him great satisfaction. The utilization of the great store of natural energy which had so long gone to waste in the stream that tumbled its brown root-stained waters into Lake Superior was a project very close to his heart. The advancement in electrical science, as evidenced by

the establishment of the large plant at Niagara Falls, with the perfection of the methods of transmitting power by wire over long distances made this the ripe moment for the realization of the plans which he had cherished so faithfully. Mr. Cooke also repurchased the great Pine Grove furnace tract near Carlisle in southern Pennsylvania.

But one thing remained to make his revenge full and satisfying and that was the completion of the Northern Pacific Railroad. With its success, notwithstanding much useless sacrifice of his property by the trustees in a desire to do quickly what it was soon discovered would be a labor of years, the estate would more than repay all his creditors plus a reasonable rate of interest upon their money while they waited. It had seemed long to him, as it had to them, and the regular processes, as might have been expected, were interfered with by many lawsuits. Although Mr. Cooke could only advise he counselled all who still sought and valued his judgment to hold fast until the country should run into a period of better times.

The first dividend was paid in 1875, nearly two years after the failure. This was five per cent. in cash, with a certain percentage in kind, including Northern Pacific preferred stock, the bonds held by the estate having been converted *en bloc* under the scheme of reorganization; and stock of the Oregon Steam Navigation Company (now become the Oregon Railway and Navigation Company) and the Lake Superior and Mississippi Railroad Company, reorganized as the St. Paul and Duluth. Mr. Cooke again used his influence with the creditors in favor of an exchange of their railway securities for north-

western land. The new preferred stock of the Northern Pacific company, like the old bond issue, was redeemable in Minnesota and Dakota farms and those who followed his advice in this respect again profited handsomely.

The second dividend was paid in 1878, being five per cent. in cash with another distribution in kind. A third dividend followed in 1879 and consisted of 2½ per cent. in cash and ten per cent. in "dividend asset scrip," issued to cover stocks, land and other holdings for which the trustee could not find immediate sale. Creditors could exchange this scrip for property held by the estate at an appraised valuation, or in case of need sell it or use it as collateral, thus being relieved of some of the hardships of continued delay. In 1881 a fourth dividend was declared, 1¼ per cent. in cash and 5 per cent. in scrip. A fifth and final dividend of 1¾ per cent. in cash was paid in 1890, the trustee, upon the death of Mr. Lewis in 1884 and his successor, Mr. Rushton, having now become J. Horace Harding. After the final dividend was distributed the total payments were 15½ per cent. in cash, 15 per cent. in asset scrip, and for each $1,000 of liabilities eight shares of Northern Pacific preferred stock, three and a half shares of Oregon Steam Navigation stock, three-quarters of a share of St. Paul and Duluth preferred and one-half a share of St. Paul and Duluth common stock.

Those who had not sold or exchanged their Northern Pacific stock were soon to profit by the completion of the railroad to the western ocean. Under the presidency of Charles B. Wright, as has been said, the company's interests were carefully guarded, but there

were seasons when the way was dark. The preferred stock at one time sold as low as $8 a share and the common stock was quoted at $1.50. With returning confidence in the industrial and financial situation plans were laid for a resumption of work upon the line. In 1879 Wright retired on account of ill health and Mr. Billings was elected to the presidency. The company again began to borrow money, at first on divisional mortgages, to carry the road on its eastern end from the Missouri to the Yellowstone and in the west from the head of navigation on the Columbia River up to Lake Pend d' Oreille, the links which were about to be attacked when the crash came six years before. Indeed Mr. Billings and his friends had arranged with leading banking houses for a bond issue of $40,000,000. The actual work of construction was progressing so favorably that the 217 miles from the Missouri to the Yellowstone could be completed in June, 1881, and the 225 miles from the Columbia to Lake Pend d' Oreille in November of that year.

At this point Henry Villard appeared upon the scene. A young German who had come to America, being employed at first as a newspaper correspondent, he had used his connections in Europe to obtain an appointment as the American representative of the German holders of railway bonds in Oregon. Thus introduced to the transportation business on the Pacific coast he obtained control of a valuable steamship trade from San Francisco to Portland and merged the company with Captain Ainsworth's Columbia River line, the Oregon Steam Navigation Company, which had been numbered among Jay Cooke's assets in 1873, the stock being distributed

to creditors who did not know its value and from whom Ainsworth and his Oregon friends had re-purchased it. Villard called the resultant corporation the Oregon Railway and Navigation Company, and it became a richly profitable concern, confirming Jay Cooke's business judgment in still another direction. He now conceived a plan of making his Oregon system tributary to the Northern Pacific Railroad, a reversal of the Cooke process. The completion of that road seemed to be assured and it boded ill for Mr. Villard's interests in Oregon. He therefore addressed several of his wealthy friends and organized a "Blind Pool." He "did not hesitate to make the boldest possible appeal to personal confidence by asking his followers to entrust their money to him without being told what use he intended to make of it." [1] He called for $8,000,000 and more than twice this sum was offered him, none of the subscribers knowing until afterward that it was his design quietly to form a holding or proprietary company for the Northern Pacific, the Oregon and Transcontinental Company. In September, 1881, this sensational operation was completed, the road was his, and having himself elected President and Thomas F. Oakes, one of his associates in Oregon, Vice-President, he was ready for a bond issue to finish the work. In September, 1883, he was ready to drive the last spike in the wilds of Montana and the tracks were united for through trains from the lake to the ocean.

Jay Cooke's dream, as many called it ten years before, was now realized. The event was the signal for impressive ceremonies. President Arthur, General Grant,

[1] Villard's *Memoirs*, Vol. II, p. 297.

William M. Evarts, the British and German ministers to the United States and large diplomatic and Congressional parties from Washington, Governors and many distinguished men of America and Europe were taken out to the Northwest over the line of the road. There were dinners to Mr. Villard and Mr. Evarts and they with many others of national distinction spoke at the ceremonies in Montana. Jay Cooke was absent, although he had been cordially invited to be one of the company. Villard wrote to him as follows:

I welcome with special gratification this opportunity of manifesting my high regard and admiration for the man to whose initiative the creation of the Northern Pacific railroad is mainly due, and without whose energy and enterprise in its early days I should not now hold the position it is my good fortune to fill. I hope I shall have the satisfaction of seeing you on my right when the last spike is driven into the main track.

A delicate sense prevented Mr. Cooke from taking part in this celebration and he looked on with interest from afar. A toast was proposed to him at the banquet in Minneapolis which President Arthur attended and Governor Washburn and General Nettleton responded in fitting sentiments. In Montana Mr. Billings spoke of "the enthusiastic, big-hearted Jay Cooke," and Mr. Villard alluded to "the brilliant episode in our history in which an able, bold and resolute man was the central figure to whom most of all the company owes its practical existence." Mr. Cooke could not be forgotten, even in a rapidly moving age when new men so quickly appear to take the laurels from the brows that earlier have worn them.

The road now stood very much as Mr. Cooke and his

coadjutors had planned it. The St. Paul and Pacific franchises had been allowed to go and this line, falling into the possession of James J. Hill, formed the nucleus of his Great Northern system soon to be a powerful rival of the Northern Pacific. To Mr. Cooke's displeasure the terminal offices were located at St. Paul and Minneapolis instead of at Duluth, his favorite city of the lake. To checkmate the Union Pacific at Helena the road was sent over the Mullen, instead of the naturally more favored Deer Lodge Pass, and awaiting the completion at some future time of an expensive tunnel through the Cascade Mountains it reached Tacoma by way of the Columbia Valley and Portland.

At the prices of 1882 for the shares of Northern Pacific and its old allies it was computed that the estate had already paid its creditors $1.56 for each dollar of its indebtedness. Claims upon Jay Cooke and Company were sold at a premium and speculators eagerly purchased them from those whose necessities compelled them to this course. If the road were again to pass through a period of difficulty and another reorganization, before it should stand in that position of strength when its common stock would sell at $100 and later at $200 a share Mr. Cooke was already triumphantly vindicated in all directions. It was understood at first that when the estate had met all its obligations the overplus should revert to the partners, but they soon voluntarily relinquished their final interest in it to the creditors. Except for this fact, even with the needless waste of the firm's assets, Mr. Cooke and his associates would have saved respectable fortunes from the wreck.

What was the fate of the men who had stood beside

JAY COOKE AND A GRANDDAUGHTER

In the conservatory at "Ogontz," after a school masquerade

him in the flourishing days before 1873? His brothers Pitt and Henry D. Cooke lived on quietly, one in Sandusky and the other in Washington, Pitt dying in 1879 and Henry in 1881. William G. Moorhead had settled a considerable sum of money upon his second wife and in this way ended his days, seeming never to be able to recover any part of the ground which he had lost. His mind failing, his closing years were entirely miserable. Fahnestock and Garland at once identified themselves with the First National Bank of New York to their very great advantage, while George C. Thomas soon became a leading factor in Drexel's Philadelphia house. Hugh McCulloch continued the London business for a short time under the name of McCulloch and Company but no success attended his operations after he had lost Jay Cooke's credit. He soon returned home to become a gentleman farmer, going back for a time to the Treasury Department in President Arthur's cabinet. John H. Puleston and Frank H. Evans remained in England to embark in other businesses. Both were elected to Parliament and knighted in due time, ever since living the lives of respected English gentlemen.[1]

It was now time for Jay Cooke to make a trip over the line of the Northern Pacific Railroad, but he postponed it from year to year until the summer of 1891. He had visited St. Paul and Duluth in 1885 in connection with his purchases on the St. Louis River. For a few days, with a nephew, he enjoyed prairie chicken hunting in the Red River Valley. In Duluth he was received with the greatest enthusiasm. The newspapers

[1] The announcement of the death of Sir Francis Henry Evans comes as this work is going to press.

called him the "father," and still more familiarly the "daddy of Duluth." He was tendered a reception in the Kitchi Gammi Club by Charlemagne Tower, Jr., who had railway interests in the region, and Mr. and Mrs. R. H. Lee. He is "honored in Duluth as no other living man," said a Duluth journal, and his visit seemed indeed to justify this declaration. The mayor called upon him and he was taken to the rooms of the Board of Trade, where he was asked to make a speech. In the course of his remarks he said:

I have not had the pleasure of visiting this city since its present site was a wilderness. There were then only six houses here. It required a great deal of faith to look forward to the time of this magnificent future. But I take no credit for that confidence, for I am a western man. I was born on the shores of Lake Erie. At first advancement was slow, but I could observe long trains of wagons filled with emigrants who were going to people the great, boundless West. I went to St. Louis at the age of sixteen; that was about the hard times of 1836–37; the city had then only 7,500 people (about one-third the population of Duluth), think of it — a place which has now over 500,000. Chicago was then almost unknown; there were only a few shanties on the present site of that magnificent city. With such experience, it did not require prognostical skill on my part to foresee greatness for Duluth, the outlet to the great water highway of the Northwest.

But if I have not been able to come here, I have read constantly your daily and weekly papers. I know the names of your people; I know all about your quarrels and your peace gatherings, and altogether, gentlemen, I am delighted to witness the progress of your city.

At times, I have been offered special cars and urged to go over the Northern Pacific, but I have replied that I shall go only when the Northern Pacific is fully completed according to the original purpose from Lake Superior to the Pacific coast, that is

when I can go to Tacoma, which is the western as Duluth is the eastern, terminus of the railroad. When I can go from here in a first-class train — not in a bob-tail, and when the mile boards shall read from Duluth to Tacoma, then I shall go across the Northern Pacific.

Mr. Cooke's allusion to "bob-tail" trains and the absence of mile boards was expressive of his desire to have the road run through its Cascade tunnel directly to Tacoma, the terminus which he had chosen for it. This last remaining link was finished about 1888 but it was not until September, 1891, that he made the promised journey. He had just passed his seventieth birthday. He left Philadelphia in company with his son Jay Cooke, Jr., Mrs. Jay Cooke, Jr., and their children Jay Cooke 3d and Miss Carrie Cooke. At Chicago a special car, the Minnewaska, was placed at his disposal by the officials of the Northern Pacific Railroad Company. He was tendered a banquet at Duluth, where his friends had not forgotten him, and many of them in another private car accompanied him for a number of miles down the line of the St. Paul and Duluth Railroad to the Northern Pacific junction, stopping now and again to inspect the water power and the slate and brown stone quarries. Reaching the main line the escort returned and his car was attached to the end of an express train bound for Tacoma. Crowds greeted him at the stations all the way to the coast. He never left his home without a full supply of Testaments, hymn books, fructifying stories purchased from the Sunday School societies; picture cards, candies, fruits and other gifts which he scattered freely as he passed along. The Secretary of War had sent letters bespeaking for him the kind consideration

of the officials of the Yellowstone Park, where a few days were spent in admiring the natural wonders of that region, and Treasury and customs officials were similarly enlisted in the work of adding to the comfort and pleasure of the old prophet of the Northwest. The United States revenue cutter *Wolcott* stood at his disposal when he reached Puget Sound and his entire stay among the hospitable and grateful people of Tacoma and the neighboring towns was marked by honors and attentions not all of which could be accepted. Governors, mayors and bodies of citizens invited him to places which he felt he could not visit.

In Tacoma he was the guest of his friend Theodore Hosmer and the most important entertainment which he attended was the banquet tendered him by the Chamber of Commerce at the Tacoma Hotel, where he responded to the toast, "The man who knew." He paid short visits to Seattle and Portland and then turned toward Philadelphia, stopping for a few weeks on his way at Gibraltar. Upon his island he wrote in the Records:

> My sensations as day after day I passed over this road and through this wonderful country, now so rapidly developing and which now contains six millions of people, where only twenty years ago the Indian and buffalo held full sway, were such as few have ever experienced. It was in a measure the fulfillment of prophecies which I uttered long ago. I felt that I was justified, and those who were so full of doubts long ago now gladly acknowledge that I was right.

"The country is far beyond my expectations," he said to a newspaper reporter who asked him for the impressions of his trip. "The word wonderful was on my lips all the time."

"OGONTZ LODGE"

With the restoration of his fortune Mr. Cooke resumed his activity as a quiet but large and liberal doer of practical charity. In the neighborhood of "Ogontz" he was an old Kriss Kringle, making gifts and performing kindly services both within and without the pale of the church to whose interests he continued to be deeply devoted. Nothing interfered with the regular discharge of his duties as the leader of the Bible Class in the welfare of whose members he felt a constant care. Simple, wholesome pleasures contented him personally and they were these which he bestowed. There was good cheer in his wake wherever he went, and while his fortune in lands was large, his ready income was limited and was almost entirely consumed in doing good to those around him. Advancing years left him no more secure from the designs of importunate men, and many still came his way to ask attentions at his hands. In purity of heart he did not suspect; in generosity he forgave. As old age settled upon him he lost some of the vigor with which he had attacked life in the period of youth and middle age, but he watched what passed around him with sympathy and hope.

His several farms on the "Ogontz" tract gave him enjoyment,—the vegetables from his gardens, the flowers from his greenhouses, the butter from his dairy, the eggs from the poultry yard and the fruit from the orchards gracing his own and the tables of his friends. In his butter and eggs he had a true farmer's pride. One summer at Gibraltar he was soon expecting one of his granddaughters. He wrote asking her to bring him from home some butter and eggs, and she put both into her trunk. Upon her arrival it was found that the

trip had been very disastrous. The girl was almost in tears.

"Never mind," said the old financier. "The butter and eggs we get out here won't kill us, I suppose."

"Butter and eggs!" ejaculated his granddaughter. "What about my dresses?"

"Oh," he replied, with dancing eyes. "You can get dresses anywhere."

Mr. Cooke's visits to Philadelphia became less regular as the years passed, but he was a familiar figure in the banking district, taking his desk at the office of Charles D. Barney and Company when he found it to his mind and attending a reception or dinner now and then at the Union League, being among the last of three or four surviving founders of that organization.

Fishing remained his one great passion and delight. His biennial trips to Gibraltar afforded him the opportunity for indulging in this sport, but the waters in that part of Lake Erie gradually failed and in later years it was necessary for him to visit the shores of the Canadian islands where the laws against pound and net fishing were more rigidly enforced.

He also occasionally repaired to the trout streams on his great South Mountain estate. There he would go into a village school which he had done much to establish, his arms and pockets filled with gifts for the children —scissors for the girls, pocket knives for the boys, and books, boxes of candy and picture cards for all. Each pupil would bring him a bunch of arbutus which he took home to the girls at the Ogontz School.

Once a year he was accustomed to visit Elizabethtown, N. Y., near his old Champlain iron furnaces, where he

rewarded the inhabitants with gifts of money, clothing and household utensils for protecting the brooks that flowed down from the Adirondacks until he came to cast his line. As soon would these poor folk yield up their own hearths and firesides to strangers as the fish that swam past their doors. With club and shotgun the streams were held inviolate for Jay Cooke, who captured their affections as surely as he had ever won buyers for government bonds. In ten days in June, 1892, Mr. Cooke, accompanied by his friend, John Nicholson, caught 2,355 trout, Mr. Cooke himself having hooked 1,502.

Each summer in later years he went to Beach Haven, N. J., for a few days' sport among the weak-fish, making large catches as was his wont wherever he dropped his line. With Sam Cowperthwaite he spent many happy days upon the quiet salt water channels, often shipping home the product of his skill for distribution among his neighbors and the members of his Bible Class. William Wilberforce Newton met Mr. Cooke at Beach Haven on one of these trips and remarked:

"Really, Mr. Cooke, this is not fishing; it is simply massacre. How can you take life like this?"

The old twinkle returned to his eyes as he replied:

"There's where you're wrong, Willie Wastle O! [This was the name he always gave to his interlocutor.] Now did you ever stop to think what an unhappy old age the average fish has? He don't know what has become of his wife, and can't tell which are his children and he's glad to be saved from a lonely and miserable life. Besides, the apostles were good fishermen, and you know the Church is built upon the foundation of the apostles."

Mr. Cooke also found much enjoyment at "Ogontz Lodge," a hunting camp near Salidasburg in Lycoming county on the Susquehanna River above Williamsport, Pa., which was purchased and fitted up about 1884. Here great fires blazed cheerfully, while venison, pheasant and trout made the table a delight to its owner. Bear and deer were found upon the estate and Mr. Cooke could fish up the stream for eight miles without leaving his own preserves. He visited the camp three or four times a year. The trout always awaited his coming and he found much satisfaction in this retreat. Here, as everywhere, he had a church whose services he attended when he passed a Sabbath in the neighborhood, and the children and their elders in the country roundabout were the recipients of many gifts from him. He offered the boys twenty-five cents for each rattlesnake which they would kill upon his estate, and hundreds were brought in to him for the reward, many of the rattles and skins being carried with him when he returned to Philadelphia, to be presented to "his girls" at "Ogontz," who converted them into belts, purses and other ornaments, and very highly prized these trophies of an odd chase.

In his great cape cloak and his wide-brimmed, light-grey, soft felt hat set over a gentle face adorned by a long white beard Mr. Cooke looked like the patriarch that he was. He dressed oblivious to changing styles, although the hat which was so often remarked by the young reporters who constantly came to interview him upon all manner of questions was of excellent texture and of costly make. Last season's would be laid aside for his fishing trips. "None of your derbies for me,"

JAY COOKE'S MAUSOLEUM ON THE "OGONTZ" ESTATE

he was once heard to say. "You can't stick fish hooks in the brim."

Thus did Mr. Cooke's life run on serenely until he had almost reached the age of 84. He had contemplated the advancement of the Northwest up to the mark which he had set for it with deep satisfaction. When Mr. Harding went to him in 1904 and told him that the plans for harnessing the power of the St. Louis River were complete his eyes filled with tears. He saw that his dreams were about to be realized and that Duluth would become a great manufacturing centre in accordance with his prophecy. "The last thing is done," he said to a friend and so indeed from some points of view did it seem to be. He had had a few mishaps but he had always been singularly free from bodily illness, his robust health being rightly ascribed, no doubt, to his equable disposition, temperate habits and devotion to out-of-door sports. In July, 1900, while driving with his great-grandson, Master Tom Kelly, in the neighborhood of "Ogontz," the horse ran away and both were thrown out upon the ground. Mr. Cooke was bruised but escaped more serious injury.

Several times in later years he had had alarming attacks, probably apoplectic. In October, 1901, at Gibraltar there was no response to a knock at his door and upon entering the room a servant found him in a state of coma.

A boat was hurriedly despatched to Sandusky and some hours passed, even after the arrival of the physician, before he regained consciousness. But his recovery, to the surprise and great gratification of his family, was rapid and he returned to Philadelphia in a few days,

almost as well as before, to be present at the wedding of a granddaughter.

He had caught a few bass at Gibraltar during his visit to the island in October, 1904, but to his regret not enough to distribute them to his friends. Upon his departure he wrote in the Records: "Good-bye, old Gibraltar! We thank God for permitting us to enjoy such a glorious visit and hope to come again." He was not to do so. On Monday, February 13, 1905, he gave his annual reception to the girls of Ogontz School. They were as usual gathered in the gymnasium where a supper was served. Speeches were made and healths were pledged. Mr. Cooke mingled with the pupils and shared their happiness as they sang and danced, and at last joined in their march up to the point at which they were to receive from his hands the bouquets, sweets and fruits that he always gave them upon this occasion. He had scarcely ever been so merry and while waiting for a girl upon whom to bestow them was seen to keep four oranges in the air with the skill of a practiced juggler, a feat that probably not one in the assembly would have been able to perform.

On Tuesday, Mr. Cooke was as well as usual, but on Wednesday there were marked evidences of failing powers. The debilities of age, which had been gathering, found this the time to bring the good life to its close. His children and grandchildren who were hurriedly summoned assembled at "Eildon," and on Thursday evening the end was seen to be near. Rev. J. Thompson Cole, the rector of St. Paul's Church, which he attended to the last, came and knelt at the bedside repeating a prayer for the dying. Mr. Cooke joined in

the "Amen" in a clear voice, and then said, "That was the right prayer."

He knew that the sands of his life were running low, fell into a quiet sleep and at ten o'clock the spirit in the mortal frame which had endured so much for his family, his friends, his country and his race passed over the river into the unknown land.

His generation had gone on before him, but there were signs that he had not been forgotten. If the state and nation were silent, the city of Philadelphia thought to display its flags at half mast in his memory, and flowers and messages of sympathy came from many sides. The vestrymen of his church upon the old York Road were his pall-bearers and the corse, after a private service at "Eildon," and rites publicly said in the church, was taken to the marble family vault.

In 1867, Mr. Cooke had built this mausoleum in a suitable place on the side of a hill on the grounds of "Ogontz." A brook trickles past it. The forest trees rear their heads upon the other bank, while evergreens emblematically reach their boughs toward this white chamber in which so many who were dear had preceded him to final rest. His father, his mother, his sister Mrs. Moorhead; his wife and four children were earlier placed there and the *cortége* on this cold and snowy February day entered the gateway of his great old home and went down the little lane which leads to the sepulchre. The school girls sang a hymn upon the porch of his mansion when the procession passed. He had often told "his girls" that he would some time return to the old estate to abide there forever, and the hour had now come. He had gone to the lasting delights which

are the promised reward of well-doing, ripe in years and rich in deserts. It yet remains only for his countrymen cheerfully to give him his rightful place in the history of the nation, and to erect in their hearts as they one day will in stone a fitting memorial to a great patriot and a marvelous financier.

INDEX

Abolitionists, in Ohio, I. 6, 32; Cooke's opinion of, 139.
Adams' Academy, I. 13, 40.
Adams, Charles Francis, I. 288.
Adams, John Quincy, I. 17, 18, 22, 76.
Adams & Co., Treasury transfers by, I. 133.
Adams Express Co., offers to open night agencies, I. 588.
Adamson, Collier & Co., II. 197.
Adirondacks, Cooke troutfishing in, II. 541–42.
Ainsworth, Captain J. C., President Oregon Steam Navigation Co., II. 348; Director of Northern Pacific, 349; Cooke writes to, 408.
Alabama Claims, II. 229, 377, 380.
Alexander, Colonel, I. 61, 62, 64.
Allan, Sir Hugh, controls Canadian Pacific, II. 350; favors alliance with Cooke, 351.
Allen, Brasseya, I. 76.
Allen, Eben, I. 76.
Allen, Ebenezer, I. 76.
Allen, Dorothea Elizabeth, see Mrs. Jay Cooke.
Allen, Rev. John, I. 76.
Allen, R. N., 7–30 agent, I. 604–5.
Allen, Richard, I. 76.
Allen, Richard Nun, I. 76.
Allen, Robert, I. 76.
Allen, Robert T. P., at Allegheny College, I. 76; at Transylvania University, 77; at Kentucky Military Institute, II. 464.
Allen, S. & M., I. 5.
Allen, William, 1st, I. 76.
Allen, William, 2d, I. 77.
Allison, Wm. B., II. 231.
Allison, Mr., suggested for Asst. Treasurer in Phila., I. 180.
American Christian Commission, II. 498.
American Exchange and Review, Chase's biography in, I. 363.
American Exchange Bank, New York, I. 344, 350, 358.
American Sunday School Union, II. 497.
Ames, Oakes, II. 103.
Anderson, Dr. George, I. 8.
Andrew Governor, I. 584.
Andrews, S. P., II. 24.
Anglo-American Oil Co., II. 84.
Anti-slavery riots in Phila., I. 44, 45, 47.
Antietam, battle of, I. 266.
Appleton, Dr. E. W., II. 487.
Appleton's Cyclopedia, its attack on national finances, I. 297.
Arthur, President, in Northwest, II. 533; invites McCulloch to Cabinet, 536.
Ashburton, Lord, II. 209.
Ashburton Treaty, II. 209.
Associated Banks, loans of, in 1861, I. 150 *et seq.*, 320; unpleasant attitude of, 153; later loans of, 165, 166; Chase's appreciation of services of, 183.
Atlantic Monthly, I. 364.
Auld, Jane, I. 276.

Bacon, Josiah, I. 119.
Bailey, Dr. Gamaliel, I. 275.
Bailey, Mrs. M. L., I. 275.
Baltimore & Ohio Railroad, I. 100, 223; II. 241.
Banana Belt, II. 121, 295.
Bank of California, I. 630–34.
Bank of Commerce, New York, I. 344, 347.
Bank of England, I. 83.
Bank of North America, I. 67, 108.
Bank of the United States, I. 41, 66, 67, 68, 69, 335.
Bankruptcy Law, efforts to amend, II. 512.

Banks, General N. P., at Port Hudson, I. 190; attacks Northern Pacific in Congress, II. 322–24; asks aid for Sutro tunnel, 406.
Banning, Wm. L., urges Cooke to finance Lake Superior and Mississippi R. R., II. 98; seeks aid in England, 104; assists Cooke in making investments in Minnesota, 105; defeat of St. Croix bill, 111; meets Eastern guests, 132; sends Donnelly to Washington, 175; criticizes Windom, 246; puts gamblers in irons, 257; retires, 347.
Baptists, Cooke's gifts to, II. 491–92.
Baring Bros. & Co., I. 287; asked to buy Lake Superior bonds, II. 107; Moorhead's appeal to, 149; lose naval agency, 209–10; funding plans of, 270, 283; false predictions of, 285; rivalry of, 286; allied with Morton and Morgan, 363, 366, 369, 377; lose State department account, 435.
Bascom, Rev. Dr., I. 78.
Bass Islands in Lake Erie, II. 459.
Bassett, Geo. A., I. 249.
Bates, Attorney-General, I. 155–56.
Bates, Barton, II. 94.
Barney, A. H., Treasurer of Northern Pacific, II. 100, 182; signs N. P. contracts, 161; in New York office, 263; asked by Cooke to reduce expenses, 324; wishes to retire, 330; successor named, 330; large drafts of, 384; instructed to pay no bills for St. Paul and Pacific, 393.
Barney, Charles D., II. 457, 463, 475–76, 518.
Barney, Charles D. & Co., firm formed, II. 518; Cooke's desk in office of, 541.
Barney, Mrs. Charles D., I. 276; II. 463, 527, 528.
Bayless, A. B., II. 125.
Beach Haven, Cooke fishing at, II. 542.
Beal, James H., I. 560, 594.
Becker, George L., II. 342.
Beckett, Henry, I. 97.
Bedell, Bishop, II. 496.
Beecher, Henry Ward, II. 165.
Beesley, "Tom," II. 508.
Belmont, August, II. 270, 362.
Bennett, Frances E., II. 528.
Bennett, James Gordon, mentioned, I. 61; his plan to pay off national debt, 644; Cooke's troubles with, 647–52; letter of credit for, II. 471.
Bensell, George F., II. 449.
Benton, Thomas H., I. 128; II. 95, 315.
Berlin Bourse, II. 186–88.
Bible Class, Cooke's' II. 483–84; his continued interest in, 540, 542.
Bicknell's Bank Note Detector, I. 344.
Biddle, Nicholas, I. 66, 74, 641.
Bigelow, John, I. 636.
Bigelow, J. P., assists in funding business in Europe, II. 283; again goes to London, 374.
Bill, Earl, I. 15.
Billings, Frederick, early interest in Northern Pacific, II. 100; director of N. P., 182; chairman Land Committee, 303; valued by Cooke, 304; appoints new land commissioner, 307; his criticism of J. R. Young, 311; wishes to resign, 325; Cooke opposes retirement, 326; suggested for Vice-President, 326; plans changed, 330; raising trees for snow-breaks, 334; appointed to go to Pacific Coast, 340; Cooke writes to, 468; assists in reorganizing N. P., 520; elected president, 532.
Bingham, Henry H., II. 353.
Bischoffsheim & Goldschmidt, Sargent's negotiations with, II. 198; subsidize newspapers, 211; propose to manipulate markets, 211; become enemies of loan, 213; in syndicate, 278; why negotiations with, failed, 514.
Bismarck, Prince. Cooke invites him to Gibraltar, II. 188–89; honors Kapp, 300; honors Gerolt, 311; town named for, 334.
Black Friday, II. 141–44; 400.
Blaine, James G., urges closing of 7–30 agency, I. 545; confident of government aid for N. P., II. 152; invites Cooke to befriend Little Rock road, 171–73; Cooke's

loans to, 173, 76; value of services of, 179; cautions Cooke, 327; pressing demands of, 354; difficulties with loans to, 416.
Blair, Francis P., Jr., his attacks on Chase, I. 416, 417, 420.
Bleichroeders, addressed by Cooke, II. 186; in syndicate, 278.
Blitz, Signor, II. 457.
Blood, Henry, II. 243, 254, 332.
Boker, George H., I. 464.
Booth, J. Wilkes, I. 530.
Bonanza Mine, see Horn Silver Mine.
Bonney, Mary L., II. 528.
Borie, Adolph E., Secretary of Navy, II. 79; letter of credit for, 471.
Borthwick, Lord, II. 195.
Boston, banking capital of, I. 136, 150; great fire in, II. 400–1.
Boutwell, George S., mentioned for Secretary of Treasury, II. 35, 37; appointed to office, 79; changes system of bond sales, 136; advised by Cooke regarding national banks, 137; refuses to cooperate with Cooke, 142; changes his mind, 143; appealed to for aid after Chicago fire, 260; his funding bill, 265; plans for operation, 266; refractory nature of, 267; reflections on McCulloch, 267; prescribes hard terms in funding business, 268; business open to all, 269–71; large sales to banks, 272–73; proposes to give balance to Cookes, 274; friendly to Childs and Drexel, 274; sends Richardson abroad, 275; defines meaning of syndicate, 277; gratified at Cooke's success, 279; calls bonds, 280–81; his opinion of Cooke, 287; Cooke's opinion of him, 287; receives joint proposal from Cooke and Rothschild, 288; timidity of, 288, 359, 360; bungling policy continued, 359; Congressional investigation of, 360; vindication of, 361; Cooke and Rothschild renew proposals to, 361; consults Ways and Means committee, 362; bringing influence to bear on, 363; proposes contract for smaller sum, 364; elected Senator from Massachusetts, 364; asks Cooke to join Morton and Morgan, 365; asked to reduce amount of call, 367; Cooke urges opposite course, 368–69; scales "call," 372–73; reasons for failure of operation, 374; invited to "Ogontz," 452; suggests Japanese government loan, 456; visitor at "Ogontz," 458.
Brackett, George, II. 125.
Bradford, C. J., I. 249.
Brainerd, immigration office at, II. 319; reception house at, 319; condition of, 331.
Branch, Thomas & Sons, I. 614.
Brertschwert, —, II. 217.
Brewer, Julian, I. 602.
Brewster, Judge, II. 164.
Brewster, Sweet & Co., N. P. agents, II. 233; larger sales by, 399.
Bright, John, I. 288; II. 376.
Bronaugh, Emily, II. 482.
Bronson, Dr. S. A., recommends preachers to Cooke, II. 487; hears Cooke's Low Church views, 489–90; at Kenyon College, 496.
Brooks, Phillips, Cooke proposes to employ, II. 500–01.
Bross, Governor, II. 238.
Brough, Governor, I. 417.
Burnham, George, II. 131.
Brown, Frank G., II. 525.
Brown, John, I. 6; II. 460.
Brown, Joseph, II. 512.
Brown Brothers & Co., I. 82.
Browne, N. B., II. 131, 429.
Browning, Secretary, II. 81.
Bryant, William Cullen, I. 650.
Buchanan, James, finances of, I. 121–27.
Buckalew, Charles R., II. 353.
Budge, Henry, N. P. contract with, II. 183; goes to Europe with Sargent, 184, 185; arrangement with General Credit Co., 194; at Sargent dinner, 195; Sargent complains of, 196; enemy of loan, 213.
Budge, Moritz, N. P. contract with, II. 183–85; deposits money with Cooke, 184; Sargent complains

of, 196; enemy of loan, 213; criticized by Darmstadt bankers, 214; bought off, 215–16.
Budge, Schiff & Co., N. P. contract with, II. 183–85.
Bull, Ole, II. 300.
Bull Run, rout at, I. 146–49; second battle of, 201–05.
Bullitt, John C., called in by Cooke, II. 424; directs affairs of firm, 436; aims to secure amendment of bankruptcy law, 527.
Burlingame, Anson, II. 461.
Burnside, General, I. 438.
Butler, Benjamin F., mentioned, I. 468; Wilkeson visits, 583–84; radical proposals of, II. 28, 37; false statement by, 52; attitude of, regarding N. P. 179; asks for funding contract, 365; chairman of National Asylum, 498; fishing at Gibraltar, 505.
Butler, Mrs. J. M., II. 463, 528.
"Butternuts" in Indiana, I. 605.

Cabites, The, I. 36.
Cadwalader, Judge, I. 82.
Caldwell, S. A., I. 558.
Caldwell, Judge Samuel B., I. 3, 38.
Calhoun, J. C., I. 128.
California, efforts to sell 7–30s in, I. 629–30; specie payments continued in, 632–34; loyalty of, 631–34; inaccessibility of before railroad was built, II. 96.
Cameron, Simon, mentioned, I. 284; collects money for 2d Lincoln campaign, 366; oil company of, 440–41; corrupt influences of, II. 71; opposes General Moorhead for Senator, 77; insists on pig-iron clause in N. P. bill, 178.
Camp, J. G., I. 97.
Campbell, David and his sons, I. 29, 31.
Canadian Pacific Railroad, rumors of, II. 341; Cooke's efforts to control, 349–51.
Canda & Co., II. 248.
Canfield, Thomas H., his early interest in N. P., II. 100; arranges for Roberts' exploring party, 113; directs party, 114–16; blamed for mismanagement of party, 116, at Portland, Oregon, 117; speaks at Walla Walla, 118, 119; his efforts to control Roberts, 119; director of N. P., 182; General Moorhead's distrust of, 248; insists on rapid progress of work on railroad, 249; his arbitrary management of the land company, 303; efforts to check, 324; movement to displace, 330; resistance of, 331–32; removed from Board of Directors, 332.
Carey, Henry C., I. 516.
Carswell, David, I. 3, 13.
Carswell, Martha, see Mrs. E. Cooke.
Cass, George W., his early interest in N. P., II. 97, 153; signs N. P contract, 161; director of N. P., 182; Cooke's good opinion of, 304; proposed for president, 326; qualifications for office, 327; elected president, 328; goes to Pacific, 328; takes hold and enforces economies, 329; offends Cooke by blunt manner, 329; opposes Canfield, 331–32; in Duluth, 333; reaches Missouri River, 334; asks Sheridan for protection for surveyors, 337; appoints committee to go to Pacific, 340; in Canadian Pacific deal, 350; much expected of, 389; asks Cooke regarding finances of road, 390–91; says N. P. workmen are unpaid, 394–95; authorizes Cooke to close 7–30 loan, 396; says other fiscal agents will be found, 437; appointed receiver, 519.
Caswell, see Carswell.
Catacazy, Russian minister at "Ogontz," II. 452.
Cate, Isaac M., II. 35.
Cattell, Senator Alex. G., interested in condition of stock markets, II. 75; offers to go into N. P., 147; assists in getting naval agency for Cooke, 209; congratulates Cooke, 284; active in Cooke interests, 362–63; urges Boutwell to "call" 100 millions, 339; goes to London for Treasury Dept., 374; cordially received, 375–77; told by Cooke of N. P. syndicate, 399; commends Cooke to Rothschild,

415; telegraphs from London after panic, 436; at "Ogontz," 458; fishes with Cooke, 508.
Cattell, Edward J., clerk in Cooke's bank, II. 465.
"Cedars, The," Cooke's home, I. 153, 154, II. 33, 447, 483.
Censorship of telegraph, I. 206–07, 223, 225.
Centennial exhibition, Cooke asked to be fiscal agent of, II. 358.
Central Pacific R. R., Chase to head, II. 102; engineering problems of, 115; profits of, 148; Chinese labor on, 154; relations of, with Fisk and Hatch, 382.
Certificates of indebtedness, I. 178, 179, 215; Cooke supports price of, 194–5; McCulloch resumes issue of, 568–69; paid out for quartermasters' checks, 658; amount outstanding in 1865, II. 71.
Chadwicks, London bankers, II. 197.
Chambersburg, burning of, I. 414.
Champlin, Smith & Co., II. 94.
Chandler, Joseph R., I. 92.
Chandler, William E. Asst. Secretary of Treasury, II. 33; shapes report in answer to Logan, 33–34; writes to Cooke regarding impeachment, 35; aids Cooke's industrial credit scheme, 24; appeals for campaign funds in 1868, 69–71; interest in Huntington, 82; activity in regard to Mexican loan, 89; agent in New England for National Life Insurance Co., 92; early interest in N. P., 97; active in N. P. lobby, 175; interviews B. F. Butler, 179; campaign manager in 1872, 352; letter to Cooke after visiting "Ogontz," 446; tells Cooke of Grant's views on Sunday question, 495; aims to secure amendment of bankruptcy law, 512.
Chandler, Zachariah, proposes plan for buying bonds in Europe, II. 88.
Chase, Kate, mentioned, I. 130, 154, 180, 183, 184; wedding of, 276–77.
Chase, Pliny E., seeks colonists for Northwest, II. 299, 300.
Chase, Nettie, mentioned, I. 130, 154, 183, 198, II. 476.
Chase, S. P., in Columbus, I. 93, 94; informed of sale of Pa. State loan, 110, 119; enters Treasury Department, 127; political sentiments of, 128; ambitions of, for Presidency, 129; marriages of, 130; early financial devices of, 133 *et seq.;* offers Asst. Treasurership to Cooke, 136–40; hears Cooke's plans for a Washington house, 142 *et seq.;* estimates for fiscal year, 1862, 145, 166, 167; authority conferred upon, 145; money proffered him after battle of Bull Run, 147–49; arranges first 7–30 loan, 149 *et seq.;* personal friendship for Cooke, 153–56, 158; offers 7–30 loan to people, 158 *et seq.;* views of, on legal tenders, 169 *et seq.;* again urges Cooke to take Asst. Treasurership, 179; asks for and rejects coupé, 180–183; suggests a partnership with Cooke, 186; friendship for Henry Cooke, 187; depositor in Cooke's bank, 188; suggests himself as President of Washington street railroad, 188; defends right of negroes to ride on cars, 189; appoints Cooke loan agent, 190–91; authorizes him to protect market for certificates, 194; reprimands Cooke, 196; criticizes Lincoln, 197, 199; attacks McClellan, 197–98; urges Cooke to see Lincoln about McClellan, 200; his views of McClellan's reinstatement, 203–04; summons Cooke to Washington, 207–08; accepts Cooke's kindly services, 210; presidential prospects of, improved, 212; discouraged with 5–20 loan, 215; offers agency to Cook, 218–20; gratified by sales, 221, 229; defines policy regarding commissions, 222; resignation of, 223–26; delays delivery of bonds, 229–32; commended by 5–20 newspapers, 241; acknowledges gift of "A War Democrat," 248; opposes commission of ⅜, 255 *et seq.*, 269 *et seq.;* sensitiveness of, to attack, 258, 260, 262, 273, 278, 296; continues 5–20 sales, 267; gratification of, 270; returns check to Cooke,

274–75; confirms promise of 3⅝, 278; receives complaints regarding bond deliveries, 282; publicly compliments Cooke, 284–85; 5–20 loan closed, 289 *et seq.;* defended by Sherman in Senate, 309 *et seq.;* replies to Coffroth resolution, 319 *et seq.;* his national banking system, 328 *et seq.;* Cooke's promises to, regarding 4th National Bank, 345; approves Cooke's pamphlet on national banks, 354; improvements in law suggested to, 358; his presidential campaign of 1864, 360–67; his financial measures in 1863, 370 *et seq.;* deserts Cooke's interest bearing note plan, 377–79; defends Cooke against Haight, 383; advised by Cooke regarding 10–40s, 387–88; authorizes attack on gold speculators, 400 *et seq.;* recommended to appoint secret agents in New York, 409; resignation of, 412, 416–24; "blues" of, 416; last cares as Secretary, 425; offers aid to successor, 425; expresses his views of Fessenden, 432, 434, 435; cost of his presidential campaign to Cooke, 442; hears Henry Cooke's foreign loan plans, 443; urges Cooke to go to Washington, 444; return to Treasury suggested, 445; hears Cooke's account of Fessenden, 445; commissions paid on 5–20 loan, 455; appointed chief justice, 463–64; buys 7–30s, 489; Mr. Kühne's reports to, 514; administers oath of office to Johnson, 530; proposed national bank in San Francisco, 630; attacked by N. Y. Herald, 646; Cooke's continued regard for, 650; opposes Cooke's "Consolidated Debt" plans, II. 11–14, 36, 37; expresses love for Cookes, 13; attacked by N. Y. World, 27; guest at "Ogontz," 33; friendship for Cooke after war, 59 *et seq.;* looks to Cooke in campaign of 1868, 61, 64; turns to Democrats, 67, 68, 76; retires from politics, 69; sensitiveness continues, 72–73; in Preston Coal Co., 85; suggested for Presidency of Union Pacific and Central Pacific, 102; asks for office in N. P., 130; Cooke recommends to buy Lake Superior bonds, 131; N. P. bonds, 147; Cooke offers to carry bonds for, 164, 165; visits Duluth 165, 244; suggested as head of London house, 199; his reliance on Cooke during war, 370–71; death of, 415; Henry Cooke executor of, 415; talents of, 443; at "Ogontz," 458; at Gibraltar, 461, 506; Cooke's kindness to, 468; his refusals to take gifts, 469; praises Cooke's generosity, 478.

Cheesman, D. W., Asst. Treasurer at San Francisco, I. 630–31; Cooke's kindness to, II. 467.

Chelten Hills, I. 154.

Chemical Bank, New York, I. 356.

Cheney, B. P., in N. P., II. 153; director of N. P., 182.

Chesapeake & Ohio, carries down Fisk & Hatch, II. 428.

Chestnut Street Seminary, II. 528.

Chicago, beginnings of, I. 34; influences in, hostile to N. P., II. 171; great fire in, 259; effect on stock market, 260–61, 400.

Chicago and Northwestern Railroad, share in N. P., II. 244.

Childs, Geo. W., antagonizes Cooke, I. 546–47; antipathy continues, II. 32, 134; baits N. P., 189 *et seq.;* hobnobs with Boutwell, 274; contributions to Grant's campaign fund, 356; supports Joseph Patterson for Secretary of Treasury, 364; his attentions to Grant, 365; evil influences of, 372.

Chittenden, L. B., I. 231, 261.

Chittenden, S. B., II. 71.

Choate, Rufus, I. 17, 18.

Christian Commission, II. 498.

Chubb & Schenck, I. 82.

Cisco, John J., Asst. Treasurer in New York, I. 133, 134, 143; aids in selling first 7–30 loan, 150; suggests temporary loans, 178; 7–30s sent to, for sale in 1862, 194, 322; jealous of Cooke, 208, 261, 298, 432; obtains bids for 5–20s, 217; complaints of, 256; on closing of 5–20 loan, 290; commended by Coe, 352; replaced, 393; consulted by Chase regard-

ing gold speculation, 401, 403, 407; issues gold notes, 411; resignation of, 418; forwards German proposal to Fessenden, 426; heads Union Pacific, II. 102; Cooke makes inquiries of, 129.
Citizen's Association of Pa., II. 497.
Claflin, Wm., Chairman Republican National Committee, II. 70, 71, 352.
Clark, Clarence H., son of Enoch Clark, I. 61, 86, 88, 90, 96; invited to join Cooke at Washington, 142, 181; President First National Bank, 341; patriotic enthusiasm of, 437; travels abroad, 517; sponsor for National Life Ins. Co., II. 91, 92; suggested for head of Cooke's London house, 199; offer of, to aid Cooke, 426; his connection with Fidelity Co., 429.
Clark, E. W., & Bros., I. 60, 61, 83.
Clark, E. W., & Bros. & Farnum, I. 60, 61.
Clark, E. W., Dodge & Co., I. 60.
Clark, E. W., & Co., early history of, I. 51, 52, 56–60, 90, 96; money-changing by, 68–71; large operations of, 80; sell Mexican war loans, 80–84; affairs of, closed up, 88-89.
Clark, Edward W., son of Enoch Clark, I. 61, 90, 96; executor of father's estate, 86; in panic of 1857, 87–88; invited to join Cooke in Treasury operations, 142, 184; recommends W. W. White, 626–27; offers aid to Cooke at time of panic, II. 426; connection with Fidelity Trust Co., 429.
Clark, Edward W., & Co., organization of firm of, I. 89; Cooke's joint account operations with, 95, 96; aid in Treasury note sales, 141; take stock in Washington Street Railroad, 188; help to organize First National Bank of Phila., 341; Whitelaw Reid's drafts through, 483; join Cooke in developing Minn., II. 107; offer to go into N. P., 147; decline, 163; selling Penna. R. R. bonds, 168; open branch in Duluth, 251; in funding business, 271; interested in St. Croix bill, 347; failure of, 426–27.
Clark, Enoch W., banking operations in Phila., I. 51, 56–61, 78, 88; death of, 83; feud with brother Joseph, 84.
Clark, Frank H., II. 347, 494.
Clark, J. Hinckley, II. 92, 131.
Clark, J. W. & Co., 60.
Clark, Joseph W., I. 60, 84–86.
Clark, Luther C., I. 60, 84.
Clark, Dodge & Co., ready to buy gold, I. 401; assist Cooke, 403; checkmate Ketchum, 459; aid given to the Treasury in 1865, 499, 503; favors shown to, 551; buy 7–30s, 564; Cooke's close affiliations with, II. 19, in funding business, 271, 279.
Clarke, Charles I., in N. P. pool, II. 164.
Clarkson, Robert, observations of, in Ohio, I. 222–23; on gold speculation, 227.
Clay, Brutus J., I. 489.
Clay, Clement C., I. 17.
Clay, Henry, I. 17, 18, 22, 66, 78, 79, 128.
Clayton, John, II. 512.
Claxton, Dr. R. Bethell, accompanies Roberts's exploring party, II. 114; at Omaha, 115; goes home, 115, 120; at Seattle. 117; speaks at Walla Walla, 118, 119; his report to Cooke, 219; visits Duluth, 251; recommends preachers for Gibraltar, 487; helps to distribute Cooke's thank offering, 493; Cooke endows chair occupied by, 495.
Clews, Henry, New York broker, I. 297–98; candidate for Secretary of Treasury, II. 268; in syndicate, 283–84; contributes to Grant's campaign fund, 356; gets State Department account, 435–36.
Clews, Henry & Co., in syndicate, II. 278; suspension of, 432.
Clews, Habicht & Co., in syndicate, II. 278; troubles of, in 1873, 435; criticism of, 436.
Clinton, Dewitt, I. 25.
Coates, Joseph H., II. 476.
Cobb, Howell, Secretary of Treasury, I. 121–27.

Cobden, Richard, I. 288, 526.
Coe, George S., I. 350–52.
Coffin, C. C., I. 653, in Minnesota, II. 125; fervid style of, 126–28; letters on N. P., 227; lectures of, 235–36; again in Northwest, 238; Cooke writes to, 296.
Coffroth, Alexander H., attack on Cooke, I. 299; Chase's reply to, 319 *et seq.*
Cohen, L., II. 278, 286.
Cole, Rev. J. Thompson, II. 545.
Colfax, Schuyler, Speaker of House, I. 319; supports McCulloch, 532, 536, 537; visits Henry Cooke, II. 25; in N. P. pool, 164; meets European N. P. commissioners, 217; Cooke offers place to, 230–31; recommends Wade, 231; lectures and writes for N. P., 236; thief steals bonds of, 407; Cooke's loans to, 416; guest at "Ogontz," 453, 458.
Colt, J. C. & Co., I. 439.
Compromise of 1850, I. 128.
Confederacy, Ohio and the, I. 223; sympathy for in England, 288.
Congress Hall, I. 42. 48, 49, 51.
Conkling, Senator Roscoe, his bill to prohibit "secret sales," II. 134.
Connecticut, her Ohio lands, I. 5, 6.
Cook, Henry, I. 1. 2.
Cook, Captain Joel, I. 2.
Cook, Captain Samuel, I. 2.
Cook, Colonel Thaddeus, I. 2.
Cooke, Asaph, I. 1, 2, 13.
Cooke, Eleutheros, birth of, I. 2; in War of 1812, 2, 3; children of, 3; emigrates to west, 3, 4; settles in Sandusky, 5, 7; builds first stone house, 8; his difficult name, 9, 16, 17; as a lawyer, 14; riding the circuit, 14, 15; oratorical gifts of, 15, 16; in Congress, 17 *et seq.;* his interest in internal improvements, 24–26; sale of home, 28, 29; at Washington, 66; first telegram sent to, 72; friend of Clay, 79; new house of, 79; anxiety for son Jay in 1857, 87, 88, 90, 91; on son Henry's editorial abilities, 93; occupies same platform with Chase, 131; pride in Jay's achievements, 157–58, 185; recommends severe measures against South, 197; displeased at action after Gettysburg, 265; death of, 464–65; chair in memory of, II. 496.
Cooke, Mrs. Eleutheros, mentioned, I. 3, 12; her view of western prairies, 35, 37; Jay Cooke sends fish to, II. 505.
Cooke, Erastus, I. 21, 37, 38.
Cooke, George K., I. 614.
Cooke, Henry D., *Before and during the War.*— Birth of, I. 8; how named, 9; childish adventures of, 11; editor of Sandusky Register, 15; early health of, 52; at Allegheny College, 76; at Transylvania University, 78; in Chile and San Francisco, 91; enters journalism, 92; in Sandusky and at Columbus, 92–94; gets public binding contract, 94; Chase's friend at Columbus, 128; helps Sherman into Senate, 131; in Washington at Lincoln's inauguration, 132; assists brother Jay in selling Treasury notes, 133 *et seq.;* visits Chase concerning Assistant Treasurership in Phila., 138; to join Cooke-Drexel house in Washington, 143, 144; appointed travelling agent for 7-30 loan, 161; enters partnership in Washington house, 185; in Washington Street Railroad, 188; his hostility to McClellan, 199; urges McClellan's displacement, 200; tenders horses and omnibuses to government, 202; excitement of, after 2d Bull Run, 202–05; interviews with Chase as to 5–20 loan, 217; reports row in Lincoln's cabinet, 223–26; on Jay's support of 5–20s, 229; urges quicker delivery of bonds, 230–32; kindness of, to journalists, 233; labors with Chase regarding ⅜ commission, 256, 258; concerning bond deliveries, 261; reports conditions in Washington when Lee entered Pa., 264; on payment of debt in coin, 267–68; on commissions, 269 *et seq.;* in Phila. directing 5–20 sales, 279–80; invites Chase to Thanksgiving dinner, 284; favors foreign loans, 286–89; urges Chase to close 5–20 loan, 290; reports Chase's views

on national banking system, 329; converts Sherman to national banks, 332–3; President 1st National of Washington, 341–42; interest in Chase's campaign of 1864, 361–65; goes abroad, 365; on new legal tender issues and Jay Cooke's bill, 370–72, 376, 378–80; aids 10–40 negotiation, 388; combats gold speculators, 400; favors cotton speculation, 437; name used by Simon Cameron in connection with an oil company, 440; political and California debts of, 441–42; Fahnestock's estimate of, 441; return from Europe, 443; foreign loan plans of, 443–45, 447; encourages brother to bid for new 5–20s, 449; course regarding joint agency, 452–58; aids Chase to become Chief Justice, 463–64; supports Sherman for Secretary of Treasury, 466–68; plans for Wilkeson and Reid, 480–81; Greeley visits, 488; urges Fessenden to issue bonds, 491–95; reports on Fessenden's successor, 496; reports war near end, 497; helps brother in support of market on eve of Lee's surrender, 499–500; aids negotiation regarding commissions, 510–13; conference with McCulloch on foreign loan, 516–18; on voucher exchange plans, 521–23; arranges again for support of New York markets, 529, 535, 565; reports assassination of Lincoln, 530; urges retention of McCulloch, 531–32, 536–37; notes delayed deliveries of bonds, 566; notes McCulloch's need of more money, 567–68; notes McCulloch's pleasure, 569; arranges interview with President Johnson, 571; manipulates Washington correspondents, 576; dispatches Colonel Stewart south, 607; his views of National Blessing pamphlet, 638.

After the War.—Assists in supporting markets, II. 3; sees McCulloch regarding consolidated loan, 13; Chase's love for, 13; interest in reorganized firm of Jay Cooke & Co., 16–18; interest in New York house, 20; complains of New York partners, 20, 21; reports interview with Governor Parsons, 24; reports McCulloch on Andrew Johnson, 24, 25; Congressmen visit, 25; opposes impeachment, 25–26; on elections of 1867, 28, 29; reports Ledger attacks, 31; efforts to propitiate Logan, 32; reports progress of impeachment, 35; sympathy of, with greenbackers, 40; notes effect of Jay's letter on national banks, 55; reports interview with Chase about Presidency in 1868, 65; friendship for Grant, 65, 66, 67, 76; regrets Chase's alliance with Democracy, 69; his views of Cameron, 77; supports brother for Secretary of Treasury, 78; his opinion of Boutwell, 79; writes to Jay about Huntington, 82; activity concerning Mexican loan, 89–90; Vice-President National Life Insurance Co., 92; one of incorporators of Northern Pacific, 97; visited by N. P. promoters, 100–01; writes brother regarding Central Pacific, 102; seeks to sell Lake Superior bonds in Europe, 107; surprised at rapid sales, 109; watches Minnesota interests at Washington, 111–12; favors N. P. alliance, 113; makes arrangements for Roberts's exploring party, 113, 114; supports brother in N. P., 151, 152; manages N. P. lobby, 175, 178–80; transmits letter to Bismarck, 188; protests against closing of Washington house, 200; appointed governor of District of Columbia, 201, 269; assists in getting naval agency, 209; reports Boutwell's funding plans, 266; conferences with Boutwell about funding, 274; tells brother of Grant's congratulations, 283; his opinion of Boutwell, 287; sees Grant about Pacific cable, 292; writes to brother regarding N. P. land commissioners, 305; approves of appointments, 306; sees Banks, 322–23; seeks contracts for Indian posts, 335; defeats St. Croix bill, 347; difficulties with Blaine, 354; managing stock

markets to help Grant, 355; aims to persuade Grant to resume funding, 361; asked by brother to place responsibility for failure of second syndicate, 371; reports on Crédit Mobilier excitement, 402–03; lobbying for N. P., 404–05; predicts failure of plan to receive aid, 495; learns of brother's reasons for hope, 406; directed to see Attorney General regarding Union Pacific, 409; reports death of Chase, 415; executor of Chase, 415; involves firm in District affairs, 416–17; condoles with brother, 418–19; surprised at firm's failure, 422; soon to have complimentary dinner, 422; delivers brother's invitations to "Ogontz," 452–53; directs Japanese Embassy to "Ogontz," 456; seeks signatures to prevent bankruptcy, 511; seeks amendment of natural bankruptcy law, 512; death of, 536.

Cooke, Mrs. Henry D., I. 93.

Cooke, Henry D., Jr., II. 220.

Cooke, Rev. Henry E., II. 463, 482

Cooke, Jay. *Before the War.*— Ancestry of, I. 1 *et seq.;* birth of, 8; how named, 9; his early memories of Sandusky, 9 *et seq.*, 21 *et seq.;* early induction into business life, 27–29; in debating society, 29–32; letters to his brother Pitt at school, 27, 32, 33; in St. Louis, 33 *et seq.;* return to Sandusky, 40; becomes clerk for Moorhead's packet line, 41, 42; first impressions of Phila., 43 *et seq.;* return to Sandusky, 49, 50; in Phila. again at Congress Hall and in Clark's bank, 51 *et seq.;* on Daily Chronicle, 61–64; illness of, 65, 66; recollections of State banking system, 67 *et seq.;* marriage of, 75, 76–80; after illness and death of Mr. Clark, 83–89; in panic of '57, 87–89; retires from Clarks, 89; aids brother Henry, 91–94; decides to remain in Phila., 95; financial operations after leaving Clarks, 95 *et seq.;* forms firm of Jay Cooke & Co., 101, 102.

Early War Loans.— Sale of Pa. State loan, I. 103 *et seq.;* plans for serving Chase, 132 *et seq.;* first sales of U. S. Treasury notes, 134; appointed Asst. Treasurer at Phila., 136–40; plans a Washington house, 142 *et seq.;* offers services "pay or no pay," 144; aroused by news of Bull Run, 146–49; recollections of Associated Bank loans, 151 *et seq.;* personal relations with Chase and his daughters, 153–55, 158; first meeting with Lincoln, 155 *et seq.;* appointed loan agent for first 7–30s, 158; successful sale of the notes, 159 *et seq.;* commissions paid to, 164; conferences with Chase while greenbacks were being issued, 179; kindnesses to Chase rejected, 180–83; definitely declines Asst. Treasurership, 179; establishes house in Washington, 184–88; forms Washington Street R. R. Co., 188–90; appointed agent under loan act of July 17, 1861, 190–91; sales of 7–30s in 1862, 194; reprimanded by Chase, 196; urges emancipation, 197; visits Lincoln in regard to McClellan, 199 *et seq.;* calmness of after 2d Bull Run, 204; summoned to Washington by Chase, 207–08; arouses jealousy in New York, 208; kindly offices to Chase accepted, 210; on gold speculation, 213; sale of 5–20 loan, 216 *et seq.;* again summoned to Washington, 226; his objections to Sunday travel, 226; supports market for 5–20s, 229; delay of delivery of bonds to, 230–32; management of the newspapers, 232 *et seq.;* receives gift of "A War Democrat"; his 5–20 traveling agents, 249; universality of appeals of, 251–52; dispute with Chase concerning commissions, 255 *et seq.;* Train's resolution to investigate, 259; other attacks on, 260 *et seq.*, 281; his influence upon Moorhead, 265; doubts authority to continue sales after July 1, 267; on commission ques-

tion, 269 *et seq.*; his detachment from politics, 273; praises Chase, 273–74; check of, returned by Chase, 274–75; gifts for Kate Chase, 277; balances due to Treasury, 280–83; publicly complimented by Chase, 284–85; opposes foreign loan, 286–89; closes 5–20 loan, 289; congratulates his sub-agents, 293; complimented in return, 294; renewed attacks on, 297; statement in his own defense, 300 *et seq.*; attacked by Thomas A. Hendricks, 308–09; defended by Chase against Coffroth, 319 *et seq.*; gives Chase amount of net commissions, 325; on State banks, 226–27; efforts to establish national banks, 331 *et seq.*; ridicules opposition interests, 339–40; organizes 1st National of Phila., 340–41; organizes 1st National of Washington, 341; 4th National of New York, 343–50; passage with Mr. Coe, 350–52; his part in Chase's campaign of '64, 360–67; opposes new greenback issues, 368 *et seq.*; his interest bearing note bill of 1863, 372–79, 384–85; a Boston financier's attack on, 376; Haight's attack on, 383; aids 10–40 negotiation, 386 *et seq.*; discourages gold speculation, 396 *et seq.*; sells gold for Chase, 402–07; secrecy of movements of, 406–07; Chase suggests trip abroad, 411; gloom of 1864, 415; defends Chase against Blair, 416; regrets Chase's resignation, 419–20; invited to go to Washington, 427; goes thither, 428; advice to Fessenden, 429–30; grieved at Fessenden's course, 432; cautions Fahnestock, 433; summoned by Lincoln, 434; reviews Fahnestock's politics, 435; criticizes Washington partners for their speculations, 437–42; declines Fessenden's invitation, 444; injured by Fessenden's words, 445; his sensational bid for new 5–20s, 448–50; association with Ketchum, 452–62; promised sole 7–30 agency, 462; uses influence in favor of Chase for Chief-Justice, 463–64; goes to father's death bed, 464–65; suggested for secretary of treasury, 466.

The Seven-Thirty Loan.—Appointed 7–30 agent, I. 469 *et seq.*; vigor of, as agent, 478; called "Napoleon of Finance," etc., 483–84; instant response to his calls, 484 *et seq.*; sends "muff box" to Washington, 487; Southern view of, 489; protests against Fessenden's sale of long bonds, 491–93; magnitude of tasks of, 494; Grant looks to, 495; supports market on eve of Lee's surrender, 499 *et seq.*; commissions for sale of 7–30s, 509–13; directly pays bonds to government creditors, 518–25; sells $4,000,000 old 5–20s, 526–27; further manipulations of N. Y. market, 528–30; goes to N. Y. upon hearing of Lincoln's assassination, 532; supports market, 532–36; record breaking sales of 7–30s, 538 *et seq.*; congratulations for, 542, 544, 545; antagonism to, by A. J. Drexel, 545–46; by George W. Childs, 546–47; to sell third series of 7–30s, 547–48; opposes optional feature of series, 548; annoyed by allowances and discounts of sub-agents, 549–60; terms of agency changed, 560–63; again supports prices in N. Y., 564–66; slow sales of third series, 566–67; subscriptions increase, 569–70; congratulations for, 572–74; sees Andrew Johnson, 571; how loan was sold, 575 *et seq.*; gains support of N. Y. newspapers, 576–84; obtains money from Quakers, 583; Wilkeson's descriptions of, at this time, 589–94; other descriptions of, 595–07; gets the widow's mite, 598; his travelling agents, 601–24; secures soldiers' subscriptions for 7–30s, 624–29; sends brother Pitt to California, 629–34; name of, well known on Pacific Coast, 631; his much discussed 7–30 pamphlets, 634–58.

After the War.—First duties after closing 7–30 loan, II. 2–4; plans for resumption of specie payments, 4; McCulloch relies on,

5, 6; writes to John Sherman regarding McCulloch's loan bill, 7; his consolidated loan bill, 8 *et seq.;* Chase's love for, 13; attacked by N. Y. Herald and Harper's Weekly, 14, 15; Sherman reports failure of funding bill, 16; renews partnership of Jay Cooke & Co., 16–18; establishes house in N. Y., 18–21; tries to conciliate Andrew Johnson, 22; plans to help the South, 23, 24; savage onslaught on, 26, 27; regrets result of elections in 1867, 27; Logan's attack on, 29–35; hears McCulloch's complaints of newspaper attacks, 35, 36; renewed attempts to obtain consolidated loan, 36 *et seq.;* opposes repudiation, 37 *et seq.;* defends national banks, 53–58; assists Republican party in campaign of 1868, 58 *et seq.;* banker for and friend of Chase, 59–64; suggests that Chase go to London to establish English branch, 60; Grant visits, 66; abandons Chase as a Presidential candidate, 67–68; contributions to campaign fund, 67–72; certificates of stock sent to Chase returned to, 72; concern of, for state of N. Y. stock market in 1868, 74–75; mentioned for Grant's cabinet, 75–79; beset with schemes, 80; jealously guards business credit, 80–85, 93; reproves Huntington, 81–82; misunderstandings with Fahnestock, 82–84; outside investments of, 85–88; asked to sell loans for Mexico, 88–90; urged by John Sherman to finance a telegraph company, 90; forms National Life Insurance Co., 91–93; sells bonds of North Missouri R. R., 95.

Northern Pacific Railroad and Funding Loans.— Interest in plans for a railroad to Pacific coast, II. 95; Perham asks Cooke to finance N. P., 98; urged to build Lake Superior & Mississippi, 98, 99; asked to meet N. P. promoters at Washington, 99–101; they come to Phila., 101; asked to aid South Pacific enterprises, 103; buys land in Northwest, 104, 105; visits Duluth, 106, 107; becomes sponsor of Lake Superior and Miss., 107–109; buys more land at head of lake, 109, 110; informs himself regarding N. P., 112, 129; Wilkeson's enthusiastic letters to, 119-121; letters from Milnor Roberts to, 122, 123; continued interest in government funding operations, 133; newspaper attacks on, 133–36; writes to Drexel regarding Ledger, 134; advises Boutwell about treatment of national banks, 137; views of, regarding resumption, 138–41; encourages Moorhead's European negotiations, 147–48; makes contract with N. P., 157–61; forms pool, 161–66; great activity of, 168; part in obtaining government aid, 168 *et seq.;* his opinion of lobbying, 176–177; trustee of N. P., 182; his efforts to secure money in Europe, 183 *et seq.;* his letter to Berlin Bourse, 186–88; invites Bismarck to his homes, 188–89; plans of, baited by Childs, 189 *et seq.;* schemes frustrated by Franco-Prussian war, 195; urges Sargent to remain in Europe, 197; dissatisfaction with Budges, 197; plans for a London house, 198 *et seq.;* troubles with his partners, 199–201; assures McCulloch of desire to have him at London, 204–05; gets naval agency, 209; asks pool subscribers to surrender a part of stock bonus, 211–12; entertains European delegates at "Ogontz," 217; wishes them to see the West, 218–19; they visit Gibraltar, 220; hears reports of Sargent, 222; mistakes made in Europe, 223–24; delays advertising N. P., 225–227; criticized by Fahnestock, 225–26; engages General Nettleton, 227–28; extensive advertising plans of, 228 *et seq.;* urges Sherman for minister to England, 229; friendship for Colfax, 230–31; disappointing response to N. P. appeals, 234–35, 239; employs lecturers, 235–36;

speaks to bankers, 237; efforts to interest J. W. Garrett, 240–41; firing up A. T. Stewart, 242; hears of scandals, 243 *et seq.;* upbraids Rice, 249; interest in Duluth, 251 *et seq.;* takes Smith to task about Duluth, 254–56; anxiety regarding liquor shops, 257; admonishes Smith after Chicago fire, 259–61; urges Smith to devote time to road, 263–64; funding plans with Boutwell, 265 *et seq.;* coins word syndicate, 275; his opinion of Boutwell. 287; N. P. first in his mind, 289; finds new cares in London house, 289 *et seq.;* criticizes alliances with mining companies, 290–91; condemns Mexican loan scheme, 291–92; interested in Field's Pacific cable, 292; grief at his wife's death, 293–94; plans for colonizing N. P. belt, 296 *et seq.;* wishes to annex Canada, 296; correct views regarding Northwest, 310 *et seq.;* receives immigration leaders at "Ogontz," 320; resents Banks's attacks, 322; tries to check Smith, 324–26; demands Smith's resignation and a change of management, 326 *et seq;* protests against Cass's bluntness, 329; high value set upon Cass, 329; hears from Roberts on Missouri River, 337–38; his extensive plans for railways in Northwest, 341 *et seq.;* campaign contributions in 1872, 352 *et seq.;* wealth and prominence of, 358–59; experience with Boutwell in second funding syndicate, 359 *et seq.;* McCulloch's praise of, as war financier, 370–71; accuses London partners of coolness, 378; organizes English N. P. syndicate, 379; troubles with Fahnestock, 381 *et seq.;* promises to partners regarding advances to N. P., 384–88; loyalty to the road, 389; hopes raised by re-election of Grant and removal of Smith, 389, 391; told of serious condition of N. Y. and London houses, 391–92; cuts off St. Paul & Pacific, 393; closes 7–30 loan, 395 *et seq.;* complains of company's great drafts, 401; asks government guarantee, 403–06, 408; justifies Colfax's investment in N. P., 407; opposes Crédit Mobilier investigations, 409; unfaltering courage of, 410–14; continued hope of succor from Europe, 414–15; urges Henry Cooke to resign governorship, 416–18; failure of N. P. syndicate, 418; refuses to confess defeat, 418; wonders at McCulloch's return, 419; with General Grant at "Ogontz," 421; hears of suspension of N. Y. house, 422; closes Phila. house, 422; calls in John C. Bullitt, 424; makes statement to newspapers, 424–25; condolences for, 425–26; drives to "Ogontz" to avoid public scrutiny, 427; fortitude of, in adversity, 428, 434; surprising course of minority partners, 438–39.

Personal Side and Later Years.—Personal characteristics of, II. 440 *et seq.;* great hospitality of, 451–62; happiness of his marriage, 462–64; attitude at time of failure, 465; kindness of, to employees, and friends, 466–68; views of lobbying, etc., 469–73; friendship for newspaper men, 473–74; guilelessness of, 475; informality of in social relations, 475–76; appeals to charity of, 477–81; his church connections, 482–84; kindness to ministers, 848–89; views regarding High Church, 489, 93; on Sabbath observance, 493–95; educates young ministers, 495–97; other charities, 497–500; plans to evangelize U. S., 500; imposed upon by charlatans, 501–03; love of fishing, 503–09; sympathy for, 510; efforts to retain management of his own estate, 511; declared a bankrupt, 511; seeks amendment of bankruptcy law, 512; large claims of Sargent on, 513; pitiful letters received by, 515–16; prevented from managing his estate, 517; sensitiveness of, 521; regains fortune, 522-25; regains homes, 525–27; his life at "Eil-

don," 525–28; declines to attend opening of N. P., 534; vindication of, 535–36; makes trip over N. P., 536–37; charities of in later life, 540; fewer visits to Philadelphia, 541; fishing, 541–43; in runaway accident, 544; apoplectic attacks, 544–45; death and funeral of, 545–47.

Cooke, Mrs. Jay, marriage of, I. 76–80; opposes her husband's return to Sandusky, 95; hostess at "The Cedars," 154; goes to Fortress Monroe, 494; death of, II. 293–94, 462–63.

Cooke, Jay, Jr., mentioned, I. 96, 102; meets Grant at Fortress Monroe, 494–495; with father when he receives news of Lincoln's assassination, 532; joins Jay Cooke & Co., II. 202; birth of, 463; in firm of Charles D. Barney & Co., 518; tries to dissuade father from silver mine investment, 522; accompanies father to Pacific coast, 538.

Cooke, Jay & Co., Philadelphia, organization of firm, I. 102; selling state loan, 106, 110; selling first 7-30s, 155, 159 *et seq.;* cipher code of, 206–07; attacks on, by N. Y. World, 260; largest takers of 5–20s, 261; sends 5–20 bonds to England, 288; refused commissions on 5–20 sales, 296; Congressional attack on, 299, 308–09; Sherman's defense of, 301; Chase's defense of, 319–324; stockholders in 1st National Bank of Washington, 342; Opdyke's appeal to, 349; selling 10-40s, 390; subscribe for new 7–30 loan, 431; bid for new 5–20s, 447; profits in 1864, 465; offer to buy $4,000,000 5–20s, 526; congratulations for, 574; Wilkeson's description of scenes in banking house of, 589–94; other descriptions of scenes, 595–97; offer to hold 7–30s for soldiers, 599; conversion sales of, II. 15; changes in firm of, 16–18; schemes pour in upon, 80; contract with Northern Pacific, 158–61; financial agents of N. P., 182; establish advertising offices for N. P., 227–28; exhibit products of Northwest, 239; authorized to buy iron for N. P., 248; their rivals in funding business, 296, 271; share in syndicate, 278; recommend N. P. bonds, 289; interest in St. Croix bill, 347; "Sunset" Cox's attack on, 360; in second syndicate, 366; advances to N. P., 384 *et seq.;* inform Cass of financial condition of N. P., 390–91; Cass informs, of determination to close N. P. loan, 396; blamed by Wm. Thaw for N. P. failures, 398; share in N. P. syndicate, 398; distinguished clientele of, 415; doors closed, 422; excitement caused by failure of, 424, 427; statement issued by, 424; conditions in office of, after failure, 432–33; assets and liabilities of, 436; responsibility of minority partners of, 438; scenes at time of failure of, 465; "O. P. J." account of, 477; trustee appointed for, 510; declared bankrupts, 511.

Cooke, Jay & Co., Washington, firm organized, I. 186; Chase suggests a partnership in, 186, 187; Chase depositor of, 188; stripped of funds after second battle of Bull Run, 202; cipher used by, 206–07; urge more rapid deliveries of bonds, 231; growth of business of, 284; refused commissions on 5–20 sales, 296; stockholders in First National Bank, 342; enlarged quarters for, 342, 353; lend money for Chase campaign, 363–65; selling 10–40s, 390; during "siege" of 1864, 413; bids for new 5–20s, 447; profits in 1864, 465; Greeley visits office of, 488; celebrate fall of Richmond, 528; force of, reduced, 570; congratulated, 574; wine sent to, 581; send Colonel Stewart south, 607; new partnership formed, II. 17; profits of, 22; congressmen visit, 25; agency for National Life Insurance Co., 92; loan money to Blaine, 173; to other congressmen, 176; to Grant and Dent, 181; Fahnestock and Moorhead desire to close, 200–

01; share of, in first syndicate, 278; in second syndicate, 366; distinguished clientele of, 415; doors closed, 422; excitement caused by failure of, 424; trustee appointed for, 510.
Cooke, Jay & Co., New York, firm organized, II. 17–22; methods of, 20–21; large profits of, 22; oppose payment of debt in greenbacks, 38; contribution to campaign fund of 1868, 71; rivalries of partners of, 82–83; profits of, 83, 202; agency for National Life Insurance Co., 92; asked to sell Southern railway bonds, 103; selling government bonds, 136; accused of gold speculations, 144; Budge money deposited with, 196; Fahnestock's power in counsels of, 200; announces London house, 206–07; close relations with that house, 207; stock business abandoned by, 207; selling N. P. bonds, 234, 239; announces syndicate, 277; share in syndicate, 278; contributions to campaign fund of 1872, 356; in second syndicate, 366; McCulloch writes to, explaining failure of that syndicate, 370; profits of, in 1871 and 1872, 386; serious condition of, 391–92; doors closed, 422; excitement caused by failure of, 423; conditions in office after panic, 433–34; "O. P. J.," account of, 477; trustee appointed for, 510.
Cooke, Jay & Co., estate of, Rollins appointed trustee of, II. 510–11; declared to be bankrupt, 511–12; Lewis made trustee of, 512; claims on, 513; Jay Cooke aids in settlement of, 517; he acquires N. P. stock from, 520; repurchases homes from, 525–32; dividends paid by, 530–32; J. H. Harding trustee, 531; claims on, sold at a premium, 535.
Cooke, Jay McCulloch & Co., London, plans for London house, II. 198, 199; establishment of, 202–09; get naval agency, 209; desire State department account also, 210; relations with Northern Pacific, 210–11; in funding business, 270; share of, in syndicate, 278, 282; advertised by success of syndicate, 284–86; impose cares on Cooke, 289 *et seq.;* involved in Emma mine, 290; in Simon Stevens's Mexican loan scheme, 291–92; in second syndicate, 366; friends of, ignored, 367; Cattell visits, 374–76; organizes N. P. syndicate, 379; telegrams to Jay Cooke regarding overdrafts, 384–85; profits of 386; run on, 435; continue business, 436; reported dissatisfaction of partners, 465; Sargent's attack on, 513–14.
Cooke, Pitt, birth of, I. 5; how named, 9; letters to, from his father in Congress, 22–24; letters to, from brother Jay while at school, 27, 32, 33; from Jay in St. Louis, 34 *et seq.;* from Jay in Philadelphia, 43 *et seq.;* early life of, 52; Jay's letters to, 52 *et seq.;* marriage of, 79; advises brother, 57, 87, 88, 99; real estate operations of, 91; opposes Jay's return to Sandusky, 95; goes to Fortress Monroe, 494; sends grapes for Kate Chase's wedding, 277; sent to California, 629-34; interest in firm of Jay Cooke & Co., II. 17-21; action in California, 5, 96; visits Duluth, 132; supports Northern Pacific plans, 151; makes a subscription for Chicago fire sufferers, 259; consulted about campaign contributions, 356; Jay's early letters to, 443; directs construction of Gibraltar mansion, 460; seeks signatures to prevent bankruptcy, 511; death of, 536.
Cooke, Samuel, I. 1.
Cooke, Sarah E., see Mrs. Wm. G. Moorhead.
Cooper, Peter, I. 553.
Copperheads, in Ohio, I. 222-23; made afraid, 233; attack Chase, 261; attack Cooke, 295; gold speculators denounced as, 410; active in New York, 588; in Delaware, 602, 605; in Maryland, 602; in Kentucky, 605; in Indiana, 605; attack National Blessing pamphlet, 637.
Corbett, Senator, II. 118.

Corbin, Austin, I. 355.
Corcoran & Riggs, I. 82.
Corne & James, II. 233.
Cornell, Ezra, II. 346.
Corning, Erastus, I. 370–71, II. 29.
Cornwell, Charles R., I. 579, 580.
Corwin, Thomas, I. 17.
Cotton, sales of, to break gold premium, I. 412; speculation in, 437.
Covode, John, urges retention of McClellan, I. 537.
Cowperthwaite, Sam, II. 542.
Cox, "Sunset," makes fun of syndicate, II. 276; attacks Boutwell and Cooke, 360.
Crawford, David, aids Cooke, I. 403, 404; checkmates Ketchum, 459; on decline in 10-40s, 499; aids Treasury in 1865, 503, 529, 535, 566; protects 7–30s, 564; Fahnestock's opinion of, II. 19; interested in Sterling Company, 87.
Crédit Mobilier, scandals of, II. 243; 244; investigations in Congress of, 402–03; interferes with N. P. plans, 405-07; Cooke opposes attorney-general's action regarding, 408-09.
Croley, D. G., I. 238.
Crounse, L. L., II. 35.
Cullen, R. D., I. 97.
Cummins, D. B., II. 236.
Curtin, Andrew G., war governor of Pa., I. 104; his part in selling State loan, 104 *et seq.*
Custer, General, II. 338.

Dana, Charles A., II. 238.
Darmstadt Bank, negotiations with, II. 213; declines to continue them, 214; sends commissioners to America, 216; why negotiations failed, 513–14.
Davis, Edward M., I. 139.
Davis, Dr. E. S., I. 19.
Davis, Jefferson, I. 110, 497, 596, 621, 631.
Davis, O. Wilson, I. 340.
Dawes, Henry L., chairman Ways and Means committee, II. 360–61; Cattell talks to, 363.
Decatur, Commodore, E. Cooke's speech on, I. 18-20.
De Coursey, Mr., 7–30 travelling agent, I. 619-20.
Defrees, Jno. D., I. 532, 536, II. 92.
Delano, Columbus, Secretary of Interior, appoints N. P. commissioners, II. 305–06; demands funds for Grant, 352; at "Ogontz," 458.
Demand notes, issues of, I. 145, 170, 215; supplementary emission of, 174; burning of, 175.
Demitry, General, I. 19.
Den Tex, Mr., European commissioner, II. 217, 218.
Dennison, William, Governor of Ohio, I. 94, 468; present at Johnson's inauguration, 530, Cooke supports, for Secretary of Treasury, II. 77, 79.
Dent, General, money loaned to, II. 181.
Des Moines, large 7–30 subscriptions in, I. 598.
Detroit Lake, reception house at, II. 319; colony at, 321.
Dillaye, Harriette, A., II. 528.
Dillon, Sidney, Cooke visits, II. 523–24.
Dix, John A., Secretary of Treasury, I. 126, 127, 133, 307, 628; president Union Pacific, II. 102.
Dodge, Edward M., E. W. Clark's partner, I. 51, 53, 56, 57, 59, 60, 61, 84; partner in New York, II. 19–21; Cooke remonstrates with, 84; director in Life Insurance Co., 92; eliminated, 201; sends cigars to Cooke, 453.
Dodge, William E., II. 71.
Donnelly, Ignatius, aids N. P. lobby, II. 175, 177; advises Cooke about colonists, 300–01.
Douglas, Robert, II. 454–55.
Douglas, Stephen A., II., 454.
Drayton, William, I. 17.
Drew, Daniel, I. 346; II. 420.
Drexel, A. J., in dining club, I. 96; aids State loan, 111, 117, 120; associated with Cooke in Treasury note sales, 140, 141; to join Cooke in a Washington house, 143, 144, 184; his jealousy aroused, 545–46, 577, 643; suspected of instigating Logan's attack, II. 32; opposes secret sales,

134, 135; continued hostility of, 189–92; gives money for Grant's campaign, 356; supports Joseph Patterson, 364; Moorhead's confidences with, 387.
Drexel & Co., in sale of State loan, I. 106, 108, 110; selling Treasury notes in 1861, 134, 140, 141, 142; to join Cooke at Washington, 143; take stock in Washington Street Railroad, 188.
Drexel, Morgan & Co., in funding operation, II. 366; small subscriptions of, 367.
Dudley, Mr., Consul at Liverpool, II. 297.
Duluth, city of, projected, II. 98; Rice Harper's predictions concerning, 105; Cooke visits, 106, 107; land speculation at, 109; Sargent's predictions regarding, 110; growth of, 110, 251; rejoices at beginning of work on N. P., 167; competition with Chicago, 171; effect of passage of N. P. bill, 180; jealousy of Superior, 251, 252; canal and dyke at, 253; distrust of Smith, 254; Roberts praises harbor of, 255; Knott's attack on, 308–09: continued growth of, 333; breakwater wrecked, 333; severe winter at, 333–34; Cooke's dreams for, realized, 544.
Dyer, Rev. Dr., Cooke writes to, II. 490–91.

Eads, James B., II. 94, 95.
Eastman, Sylvia J., II. 528.
Economist, London, views of on American Debts, I. 169.
Edgerton, Lycurgus, goes to Canada for Cooke, II. 350; his report on Cattell in London, 375; efforts to sell N. P. bonds in Europe, 414; reports disaffection of London partners, 465; proposes a silver mine speculation, 522; death of, 522; Cooke gives stock to widow of, 524.
"Eildon," II. 457, 527, 528, 545, 546.
Elder, Wm., defends Treasury Department, I. 297; writes National Debt pamphlet for Cooke, 634–36, 648, 653, 656.
Elkins, William L., II. 447, 527.
Emma Mining Co., II. 290.
Empire Line, II. 520.
Engelbronner, M. E. O., II. 414.
England, attitude in war, I. 212, 288; her own war loans, 306–07; debt of, 635; Cooke's efforts to educate people of, 655–58.
Erie Frauds, II. 142, 193, 401.
Evans, Frank H., reports Cobden's death, I. 528; at Sargent's dinner, II. 195; represents Cooke in London, 199; proposed partnership with W. E. C. Moorhead, 202; in Jay Cooke, McCulloch & Co., 206; selects building for London firm, 206; alarm of, 384; Sargent's views of, 513; knighted, 536; death of, 536;
Evangelical Education Society, II. 496–97.
Evans, T. C., manages editorial excursion, II. 238.
Evans, William, sells 5–20s, I. 288–89; recommends liberal advertising in England, 391; mentioned, II. 199; Cattell dines with, 376.
Evarts, William M., I. 347; II. 534.
Evening Post, New York, disapproves of National Blessing pamphlet, I. 643–44.
Everett, Edward, I. 17, 18.
Everitt, John L., I. 338.
"Facts and Figures," 7–30 circular called, I. 601; sold on Lincoln's funeral day, 618.

Fahnestock, H. C., sells state loan, I. 106; becomes partner in Cooke's Washington house, 185–86; his views regarding Chase and McClellan, 197–98; anxiety about Lee's invasion of Pa., 264; director 1st National of Washington, 342; draws on Senator Sprague, 365; complains of Chase's depository system, 393; ignorant of Cooke's gold sale movements, 406; favors issue of gold notes, 411; writes of gloom in Washington in 1864, 412–14; reports Chase's resignation, 420–21; his estimate of Chase, 423; reports Fessenden's kindly disposition, 427; asks Cooke to come to Washington, 428; criticizes

Fessenden, 430–33; his politics reviewed by Cooke, 435–36; defends himself, 435–36; scolded for oil speculations, 437, 439–41; his view of Ketchum, 452; reports excitement in Washington, 527; reports great sales of 7–30s, 541; on closing of sale of 2nd series, 542; reports Drexel's hostility, 545; arranges terms of sale of 3rd series, 561–62; aids in christening National Blessing pamphlet, 640; his interest in reorganized firm of J. C. & Co., II. 17, 18; sent to New York house, 19; interest in that house, 20; defends his methods, 20, 21, 83; believes Cooke will be Secretary of Treasury, 78; visited by Mexican loan agent, 88; tries to sell Lake Superiors in Europe, 107; talks with General Sherman about Dakota, 113; his troubles on Black Friday, 143; encourages Moorhead in Europe, 148, 149; cool regarding N. P., 150; confers with Sargent, 183; officious manner of, 200; approves of McCulloch for London house, 202; gives much attention to that house, 207; goes to London, 213; goes to Cologne, 213; goes to Vienna, 214; again in Europe, 222; criticizes N. P., 223; directs J. R. Young, 233; criticizes Boutwell, 267, 268, 274; predicts failure of funding plans, 271; called in by Morton, 273; makes funding arrangements with Rothschild, 288; revises Sheppard's pamphlet, 311; gives money to Grant managers, 356–57; manages 2nd syndicate, 366; urges large call, 368; criticizes Sargent, 380; close relations with London partners, 380–81; opposes continued alliance with N. P., 380 *et seq.;* protests to Cooke against overdrafts, 385–86; reports serious condition of New York house, 391–92; favors closing N. P. 7–30 loan, 397; writes letter regarding Scott, 405; action at time of failure, 422, 439; publicly expresses views of N. P., 423; behavior in Europe in N. P. negotiation, 514; aims to restrict Cooke in management of estate, 518; in First National Bank of New York, 536.

Fairchild, Lucius, Governor of Wisconsin, II. 342; Cooke writes to regarding St. Croix bill, 346.

Fargo, William G., early interest in N. P., II. 153; signs N. P. contract, 161; director of N. P., 182; to entertain European commissioners, 216.

Farnum, George W., I. 60.

Fell, Gillingham, II. 511.

Felton, S. M., early interest in N. P., II. 97; visits Duluth, 131; director of N. P., 182; signs call for meeting, 236; complains of scandals, 250; on committee to settle estate, 511.

Fessenden, Samuel S., II. 97.

Fessenden, William P., shaping financial legislation in Senate, I. 372, 376; appointed Secretary of Treasury, 423; assumes duties, 425; problems facing, 427; expresses kind feeling for Cookes, 428; consults Cooke, 428–30; looks to New York, 431–32; his task as seen by Chase, 432; goes to Maine, 433; sells 81s, 442; hears Henry Cooke's foreign loan ideas, 443; needs of, 443; asks Chase to Washington, 444; his treatment of Cooke, 445; accumulating difficulties of, 447; receives Cooke's bid for new 5–20s, 448–51; finds out about Ketchum, 451; proposes partnership of Ketchum and Cooke, 452; offers 7–30 agency to Cooke, 462; changes his mind, 462; administration of, nearing end, 466; favors McCulloch as his successor, 466–67; appoints Cooke agent, 469 *et seq.;* gratified by response to Cooke's call, 484–85, 487–88; supports Cooke, 487; retirement of, 489; financial bills of, 491; effort to sell more 5–20s, 491; promises not to interfere with Cooke's plans, 492; still anxious to sell long bonds, 493–94; successor of, 496; Cooke's offer to buy $4,000,000 5–20s, 525; recommends McCulloch to close

Cooke's agency, 545; opposes Cooke's consolidated debt plan, II. 11, 13; plans to make him Johnson's successor, 26; defends Cooke against Logan's attack, 32; guest at "Ogontz," 33; his reliance on Cooke during the war, 370–77; talents of, 443.
Fidelity Trust Co., run on in 1873, II. 429.
Field, Cyrus W., his Pacific cable, II. 292–93.
Field, Maunsell F., Asst. Secretary of Treasury, I. 268, 383, 406; urged for Asst. Treasurer in New York, 418, 420.
Field, Stephen J., I. 630.
Fifth Avenue Hotel, crowds at, in panic of 1873, II. 428, 430.
Firelands of Ohio, I. 5, 6.
First National Bank, New York, organization of, I. 344; sales of 7–30s by, 469, 539; favors shown to, 551; in funding syndicate, II. 279; Fahnestock in, 536.
First National Bank, Philadelphia, early history of, I. 340–42; growth of, 352; complained of by other banks, 559, 560; in funding syndicate, II. 279.
First National Bank, Washington, organized, I. 341, 343; increases dividends, 353; forwards spread of national banking system, 354; pays for advertising 10–40 loan, 390; profits of, II. 22; A. Johnson deposits in, 22; government sales through, 30; plans to combine, with Jay Cooke & Co., 201; in funding business, 279; closes doors, 422; receiver for, 510; difficulties of, 517.
First National Bank, Baltimore, I. 353, 520.
First National Bank, Cincinnati, I. 559.
First National Bank, New Orleans, I. 613.
Fish, Secretary, II. 229.
Fisher, Charles Henry, I. 99.
Fisk, James, Jr., and Black Friday, II. 141, 142, 400; accuses Jay Cooke & Co., 144; Erie frauds of, 193.
Fisk & Hatch, 5–20 agents, I. 234; propose a foreign loan, 287; compliment Cooke, 294; defend Cooke, 297–98; wish to sell 10–40s, 389; checkmating Ketchum, 459; congratulate Cooke on appointment as 7–30 agent, 476; letters from, 487; aiding Treasury in 1865, 503–07, 529, 566; subscriptions for 7–30s, 539, 541; favors shown to, 551; complain of Heisers, 552; supporting 5–20 market, 564; wine sent to, 581; advances made by, to a soldiers' agency, 628; bogus drafts on, 646; supporting market, II. 2, 3; Cooke's close affiliations with, 19; in funding operations under Boutwell, 270 *et seq.;* in syndicate, 278; their relations with Central Pacific, 382; suspension of, 428–434.
Five-twenty bonds, arrangement of loan, I. 212 *et seq.;* Cooke agent to sell, 218–20; commission paid for selling, 220–21; depressed market for, 228; Cooke supports market for, 229; delayed deliveries of, 229–32; advertisement of, 232 *et seq.;* travelling agents for, 249; Copperheads subscribe for, 250; great sales of, 253; dispute over commissions, 255 *et seq.;* yield of money from, 263; continuance of sale after July 1, 1863, 267; regarding commissions, 269 *et seq.;* resumption of activity in, 278; foreign demand for, 278, 286 *et seq.;* further delays in deliveries, 281–83; Cooke complimented by Chase for sale of, 285; close of sale of, 289 *et seq.;* go to a premium, 295; Cooke's report of his sale of, 300; sale of, defended by Sherman, 309 *et seq.;* Chase's defence, 319 *et seq.;* sold to national banks, 337, 353, 355–57; Cooke gains prestige by sale of, 382; sale of, four million lot of, 525–27; supporting price of, 565; disloyalty in New York during sale of, 576; new issue of by Fessenden, 446–47; Cooke sells, 448–51; plans for joint sales of, through Ketchum and Cooke, 453 *et seq.;* new issues of, 489, 491; Cooke again supports price

of, 565; amount of, outstanding in 1865, II. 1; in 1866, 8; plan to fund into fives, 9; Chase's defence of issue, 13, 14; distribution of, 38, 39; Cooke insists on payment of, in coin, 37 *et seq.*
"Five Twenty Church," see St. Paul's.
Fölsch, Augustus, European commissioner, II. 217; Sargent praises, 218; Sargent complains of, 220.
Forney, John W., I. mentioned, 94, 361, 378; in N. P. pool, II. 165; publishes notices of N. P., 227; signs call for meeting, 236.
Fort Dearborn, I. 34.
Fort Duquesne, I. 4.
Fort Wayne, Ind., Copperheads in, I. 605.
Foster, W. H., I. 543.
Fourth National Bank, New York, mentioned, I. 299; organized by Cooke, 343–50; favors shown to, 551; refuses to pay newspaper men, 582; in funding syndicate, II. 279; run on, 434.
Fraley, Frederick, II. 527.
France, loans of, I. 316.
Francklyn, Charles G., II. 525.
Franco-Prussian War, defeats N. P. loan plans, II. 195; delays funding arrangements, 266; interferes with emigration, 298.
Frankfort-on-the-Main, speculation in American bonds in, I. 514–15.
Franklin Railroad, I. 99, 100.
Frelinghuysen, Fredk. T., II. 362, 363.
Frémont, John C., early interest in N. P., II. 97; interest in Southern Pacific schemes, 193; accused in France, 151, 171, 402; Cooke's opinion of financial methods of, 174.
French, Benjamin B., I. 342.
French in St. Louis, I. 34–37.
French Republic, wishes to purchase arms in America, II. 289.
Fuller, Mr., II. 86.
Fuller, Z., I. 367.

Galloway, Mr., 7–30 travelling agent in West, I. 598.
Gardner, Governor, II. 103.
Garfield, General James A., mentioned, I. 438; opposed to greenbacker doctrines, II. 40, 41, 43; helps with funding bill, 266.
Garfielde, S., delegate from Washington Territory, lectures for N. P., II. 236; loyal to enterprise, 342; Cooke sends money to, 354.
Garland, James A., clerk in Cooke's Washington house, I. 439; admitted to firm, II. 202; supporting market in Grant campaign, 355; in First National Bank of New York, 536.
Garrett, John W., efforts to bring, into N. P., II. 240–41.
"Gath," see George Alfred Townsend.
Gates, General, I. 2.
Gay, Sydney H., wine for, I. 637, 653.
Geary, Governor John W., of Penna., his friendship for Cooke, II. 79; offers to buy N. P. bonds, 147; in pool, 164; at Washington for N. P., 175; presides at N. P. meeting, 236.
General Credit and Discount Co., Sargent's arrangements with, II. 194, 195, 197.
Germans, Cooke's appeal to the, I. 233, 234; buy 5–20s, 514.
Gerolt, Baron, in N. P. pool, II. 164; gives letters to Sargent, 184; transmits letter to Bismarck, 188; interviews Garrett, 240–41; his faith in N. P., 241, 311; honors shown him in Europe, 311; Cooke writes to, about Cass, 329; at "Ogontz," 458; Cooke's kindness to, 467.
Gettysburg, battle of, I. 263.
Gibraltar, Cooke's island in Lake Erie mentioned, I. 131, 637; mansion on, II. 33; pictures of, for Bismarck, 188; European commissioners at, 220–21; Cooke fishing at, 237; Mrs. Cooke ill at, 293; how Cooke bought, 458–62; preachers at, 486–99; General Sherman at, 493–94; games at, 504; fishing at, 504–09, 541; Cooke regains, 525–26; Cooke stops at, on way from Tacoma, 539; Cooke's last visit to, 545.
Gibson, E. T. H., I. 97.
Giddings, J. R., I. 6.

Gilliat, J. K., & Sons, II. 107.
Gilman, C. C., II. 351.
Girard Bank, mentioned, I. 67, 108, 591.
Glyndon, N. P. reception house at, II. 319.
Godwin, Parke, I. 650.
Gogorza, Antoine de, canal scheme of, II. 88.
Gold, speculation in, in New York, I. 213–4, 227, 395 *et seq.;* legislation to prevent, 409–11; prices of, tumbling, 497; holders of, converting it into 7–30s, 547; still used in California, 632–34.
Gold Notes, issue of, I. 411.
Gold Rooms, speculation in, during war, I. 213–14, 395; after war, II. 141–44.
Goldschmidt, Marcus, II. 194–195.
Gould, Jay, directs gold corner in 1869, II. 141, 142, 400; further manipulations of, 419–20; Cooke visits, regarding silver mine, 523–24.
Gowen, Franklin B., II. 86.
Graham, A. C., I. 613.
Grand Rapids & Indiana Railroad, value of land grant of, 314.
Grand Trunk Railroad, nearly obtains N. P. franchises, II. 100.
Grant, Jesse, II. 181, 421.
Grant, Nellie, II. 471.
Grant, General U. S., his defeat in Wilderness, I. 266; he alone can break price of gold, 412; pleased with siege of Washington, 413; failure of, predicted, 414; loses prestige, 415, 423; Jay Cooke, Jr's, meeting with, 494–95; captures Lee, 527, 588; in conference after Lincoln's death, 530; influences political sentiment in Indiana, 605; letters to, 607; for President in 1868, II. 63–64; Henry Cooke's friendship for, 65, 66, 67; Jay Cooke's contributions to campaign funds of, 69–71; refuses to appoint Cooke Secretary of Treasury, 75–79; financial views of, 76; sees President Johnson regarding Mexican loan, 89; one of incorporators of N. P., 97; Cooke's confidence in, 145; his interest in N. P. bill, 181; money loaned to, 181; appoints Henry Cooke Governor of District of Columbia, 201, 270; gives naval agency to Cookes, 209–10; his antipathy to McCulloch, 210; appoints Schenck minister to England, 229; his fondness for Wade, 231; urged to replace Boutwell, 267; Cooke's friendship for, 269; congratulates Cooke on success of syndicate, 283; interested in Pacific cable, 292–93; directs legations to help emigrants to America, 297; his part in appointing land grant railroad commissioners, 304; many applicants for offices, 305; Cooke supports for second term, 352 *et seq.;* Cooke bolsters up market to aid, 355; equanimity of, 357; election of, 357–58; timidity of, 359–60; awaits result of elections before funding, 361; Cattell smokes with, 363; Childs buzzes around, 364, 365; continued hatred of McCulloch, 365; reasons for failure of his funding plans, 374; re-election of, expected to help N. P., 389, 391; Henry Cooke urged to ask him for diplomatic appointment, 417–18; at "Ogontz," 421, 453, 458, 475; tries to stay panic, 430, 431; criticized for giving foreign accounts to new houses, 435–36; loans and gifts to, 470; views on Sunday question, 494–95; at opening of N. P. Railroad, 533.
Grant, Mrs. U. S., II. 181, 455.
Great Northern Railroad, II. 535.
Greeley, Horace, Lincoln's letter to, I. 436; Grant's furlough to Wilkeson, 480; visits Cooke's Washington office, 488; on gold premium, 507; favors 7–30 loan, 577, 588; republishes Elder pamphlet, 635; predicts that Cooke will be Secretary of Treasury, II. 6; in N. P. pool, 165; nominated against Grant, 352; value of pool interest to estate, 413–14.
Green, John C., II. 71.
Greenbacks, debates attending issue of, I. 171–74; first act authorizing, passed, 174; additional issues of, 174–75; fear induced by, 228;

payment of debt in, 267–68; popularity of, in West, 356; overissue of, 368 *et seq.;* new issues of, 380–81; amount outstanding in 1865, II. 1; in California, 5; contracting circulation of, 6; Sherman's views of, 7; attempt to pay debt in, 37 *et seq.;* vicious influence of, 70, 145, 400.
"Greenbackers" abuse Cooke, II. 77.
Grimberg, Chevalier de, II, 217, 218.
Grinnell, W. H., II. 70, 71.
Griswold College, Cooke's gifts to, II. 496.
Grund, Francis, Jr., I. 73.

Haas, Mr., European commissioner, II. 217; returns home, 220; his views of Sargent, 222; his report sold to N. Y. Tribune, 222.
Haight, Edward, attacks Cooke, I. 383; suggested for Asst. Treasurer in New York, 65.
Hall, Mr., Mr. Chase's letter to, I. 362.
Halleck, General, I. 199.
Hancock, General W. S., writes to Cooke, II. 169.
Hanna, Joshua, selling 7–30s in Pittsburg, I. 162; interested in Fourth National Bank, New York, 350; supports Chase for President, 363; on paper money evils, 368; complains of O'Conner, 553.
Harding, J. Horace, sells St. Louis water power, II. 529, 544; appointed trustee of Cooke estate, 531.
Harding, Wm. W., II. 91, 227.
Harlan, Senator, opposes N. P. bill, II. 180.
Harper, Rice, buys land for Cooke, II. 105, 109.
Harper's Weekly, attacks McCulloch, II. 14, 15.
Harrington, George, Asst. Secretary of Treasury, I. 132, 163, 184; receives demand notes, 170; Chase and the 5–20 loan, 215–16; promises quicker delivery of bonds, 232, 261; ignorant of Chase's whereabouts, 406; Chase suggests a trip abroad, 411; Secretary *ad interim,* 421; hears Henry Cooke's foreign loan plans, 443, 444; consulted regarding joint agency, 453–57, 461; delighted by large sales of 7–30s, 488; supporting market in 1865, 500; helps to arrange commissions, 510; making voucher arrangements, 521–22; at "Ogontz," II. 33.
Harrison, General, I. 2, 26, 37; II. 180.
Hartranft, John F., II. 353.
Hawley, General, 238.
Hayes, R. B., buys land in Duluth, II. 165; at Gibraltar, 461, 505.
Hayes, Mrs. R. B., I. 2; II. 505.
Hayward, A., efforts to bring into N. P., 349.
Hazard, M. C., organizes excursion party, II. 237, 238; travelling agent for N. P., 398; Cooke encourages, 411.
Heiser's, Henry A., Sons, violate Cooke's rules, I. 730; apologies of, 557.
Helfenstein, Charles P., II. 512.
Hendricks, Thos. A., attacks Cooke, I. 308; replied to by Sherman, 309 *et seq.*
Hennessy, Michael, I. 581.
Henry, T. C. & Co., I. 161.
Hepburn, Judge, I. 99.
Herald, New York, early money articles in, I. 62; National Blessing articles in, 637–38; II. 137; its attacks on Cooke, I. 643–52; attacks McCulloch, II. 14, 15, 26; reports failure of N. P., 410.
Hering, Dr. II. 506.
Hibbard, Major George B., Commissioner of Immigration for N. P., II. 320; establishes soldier colonies, 321.
Hill, Hamilton A., II. 100.
Hill, James J., II. 535.
Hinchman, Walter, II. 131.
Hinckley, Isaac, II. 107, 131, 236.
Holland, United States bonds in, I. 514.
Holmes, Philip W., accompanies N. P. exploring party, II. 125, 128; buys off Budge, 216; reports departure of European commissioners, 221; selling N. P. bonds,

234; writes to Cooke about N. P. lands, 302; urges haste, 305; on advertising N. P., 318.
Homestead Law, II. 307.
Hoopes, Edward, II. 131.
Hooper, Samuel, favors national banking law, I. 329; drafting new loan bill, 370; opposes Cooke's bill, 376; visits Chase, 377; not informed of Chase's resignation, 421.
Hopkins, G. P., I. 605.
Horn Silver Mine, II. 522–25.
Houston, H. H., II. 520–21.
Houston, Sam, I. 19.
Houston, Wm. C., II. 511.
Howard, Wm. A., II. 307.
Howells, William Dean, I. 93.
Hoyt, C. H., I. 523.
Hoyt, Wm. S., arranges for burial of Chase, II. 415.
Hoyt, Mrs. Wm. S., see Nettie Chase.
Hoyt, Sprague & Co., I. 345–46.
Hubbard, E. S., II. 103.
Hubbard, L. S., II. 56.
Hubbard, W. B., I. 249.
Hubbard & Lester, I. 29, 33.
Hudson Bay Co., II. 343.
Hume, John F., II. 94.
Hunter, General David, proclamation of, repealed, I. 197; defeats of, 415.
Huntington, Collis, P., II. 71, 382.
Huntington, Wm. S., elected cashier 1st National Bank of Washington, I. 341, 342; sees Lincoln, 433, 434; scolded for oil speculations, 437, 439, 440; visits Lincoln, 488; tells Cooke about McCulloch, 496–97; works for retention of McCulloch, 536; sees McCulloch for Cooke, II. 16; interest in Jay Cooke & Co., 17, 18; complains of New York partners, 20; on McCulloch's timidity, 36; made treasurer campaign committee, 59; advises with McCulloch, 74; reproved by Cooke for riding on Sunday, 81; distrust of, 201, 243.
Hutton, Mr., I. 345, 347.
Hurd, Miss, I. 33.
Hurlbut of N. Y. World, I. 580, 653.
Hurtt, F. W., in cotton speculations, I. 438.
Illinois Central Railroad, value of land grant, II. 314.
Independent, New York, defends National Blessing pamphlet, I. 654.
Indian Question, General Hancock on, II. 169.
Indiana, Copperheads in, 605, 606.
Inquirer, Philadelphia, gets news of rout of Bull Run, I. 146, 147; Cooke's organ, 232; compliments Cooke, 294; on national banking law, 334; on closing of 7–30 loan, 573; praises Cooke, 655; publishes Cooke's letter advocating payment of debt in coin, II. 44–53; supports Cooke in war on repudiation schemes, 76; defends secret sales, 136; speaks for N. P., 191; on Mrs. Cooke's death, 294; explains Cooke failure, 425; eulogizes firm, 426.
Iowa Central Railroad, Cooke sells loan of, II. 168; continued interest in, 351.
Irving, Theodore, II. 495.
Iwakura, Prince, at "Ogontz," II. 456.

Jackson, Andrew, I. 22, 66, 67.
Jagode, Paul, I. 249, 616.
Japan, embassy from, at Ogontz, II. 455–57; Emperor of, sends gifts to Cooke, 457.
Jaroslawski, Mr., II. 414.
"Jayhawks," I. 611.
Jayne, Dr. David, I. 66.
Jeter, Tinsley, I. 99.
Johnson, Andrew, attempt to assassinate, I. 530; sworn in as President, 530; urged to retain McCulloch, 532, 536, 537; confidence in, 537; Cooke interviews, 571; free trade views of, 571; his attitude toward negroes, 610; on the public debt, 653; Cooke visits, II. 22, 23; McCulloch's view of, 24–25; plans to impeach, 25, 26, 35; suspends Stanton, 27; his relations with Grant, 67, 68; on Mexican loan, 89; asked to veto insurance company bill, 91; receives Japanese, 455.
Johnson, Edwin F., chief engineer of N. P., II. 100; sends maps and pamphlets to Cooke, 112; his estimates of cost of road, 154;

removed from office, 246; in New York office, 263.
Johnson, Wm. S., accompanies Roberts exploring party, II. 114.
Johnston, Albert Sidney, II. 338.
Johnston, Henry E., predicts a long war, I. 205; large sales of N. P. bonds, II. 240; his views of Cass, 327; Cooke writes to, about Cass, 329; told of closing of 7–30 loan, 397; reports ugly stock market conditions, 401; writes Cooke of difficulty of selling bonds, 410; letter of credit for, 471.
Johnston, Joseph E., I. 643.
Johnston Bros. & Co., appointed N. P. agents, II. 233; activity of, in making sales of bonds, 399.
Jones, Andrew J., I. 100.
Jones, E. D. II. 233.
Jones, George, II. 191.
Jones, J. P., effort to bring, into N. P., II. 349.
Journal of Commerce, New York, hostility of., I. 298; renews attacks on Cooke, II. 16; on McCulloch, 26.
Judd, Minister, I. 636.
Julian, George W., urges retention of McCulloch, I. 537.

Kalama, founding of, II. 249; reception house at, 319; trains running from, 340.
Kapp, Frederick, in Vienna, II. 215; N. P. emigration agent, 300; assistant employed for, 311.
Kansas Pacific Railroad, land grant of, II. 314.
Kauffman, S. H., II. 305, 306.
Kelley, Wm. D., urges Cooke to become treasurer of campaign committee, II. 59; wishes N. P. bonds, 147; speaks for Northwest, 236; at "Ogontz," 458.
Kellogg, Congressman, I. 173.
Kelly, Master Tom, II. 544.
Kelton, Lieutenant, II. 128.
Kendall, Amos, I. 35.
Kendrick, J. B., II. 646, 652.
Kent, Chancellor, I. 2.
Kentucky, bond subscriptions of, heralded, I. 250; bushwhackers in, 604; changed sentiment in, 605.
Kentucky Military Institute, II. 464.
Kenyon College, Cooke's gift to, II. 496.
Kenyon Cox & Co., failure of, II. 420.
Ketchum, Morris, impresses Fessenden, I. 451; bids for 81s, 451; proposed joint operation with Cooke, 452–62; declines subagency, 477; offensive activity of, 564.
Kidder, Peabody & Co., II. 271.
King, Edward, I. 559.
King, Preston, I. 561.
King, W. S., II. 164, 246.
Knauth, Nachoch & Kühne, I. 407, 514.
Knott, J. Proctor, his satirical attack on Duluth, II. 308–09.
Kühne, Frederick, favors secret agency in New York, I. 407; reports foreign situation, 513–14; congratulates Cooke, 544.

Lake Champlain Iron Co., II. 86–87.
Lake Shore Railroad, fails to pay loan, II. 429.
Lake Superior and Mississippi Railroad, seeks financial aid, II. 98, 104; Cooke's interest enlisted for, 107; bonds of, sold by Cooke, 108, 109; St. Croix line rivaling, 111; construction of, 130; Cooke enthusiastically supports, 131; excursionists inspect, 131; Clark's interest in, 163; formally opened, 244; Cooke's devotion to, 346; to N. P. system, 347; large amount of securities of, held by Cooke's firms, 421; later fate of, 530.
Lake Superior & Puget Sound Land Co., formation of, II. 162; operations of, 303; efforts to wind up affairs of, 330–31; policies of, 331.
Lamborn, Robert H., secretary Lake Superior road, II. 107; visits Duluth, 131; telegraphs Cooke regarding Duluth, 180.
Langford, N. P., II. 236.
Lanier, J. F. D., Cooke writes to, I. 655–58.
Ledger, Philadelphia, see Public Ledger.

Lee, Bishop Henry W., Cooke writes to, regarding dogmas, II. 491; Cooke's gifts to, 496.
Lee, R. H., II. 537.
Lee, Robert E., his invasion of North, I. 263–64; raid on Washington, 413; "caving in," 497–98; surrender of, 527–28.
Leech & Co.'s packet line, I. 41, 43, 50.
Legal Tenders, see Greenbacks.
Leonard, Sheldon & Foster, II. 279.
Lewis, Edwin M., appointed receiver, II. 512; trustee, 512; sells N. P. stock to Cooke, 520.
Lewis & Clark in Northwest, II. 129.
Lincoln, Abraham, mentioned, I. 14; election to Presidency, 102, 129; inauguration of, 127; offers Cooke office in Philadelphia, 136; New York bankers criticize his policies, 153; rides to review-ground with Cooke, 155–56; temporizing expedients of, 176; his anecdotes, 181; his proclamation regarding Hunter, 196–97; mild course of, 197; Chase's rupture with, 199; hears Cooke urge McClellan's displacement, 199–201; aided by 5–20 loan, 212; Seward and Chase resign, 224, 226; at Kate Chase's wedding, 277; approves national banking law, 337; Chase's ambition to succeed, 360–67; signs anti-option gold law, 409; his re-election in doubt, 412; accepts Chase's resignation, 416–22; nominates Tod, 420, 422; inquires for Fessenden, 433; sends for Cooke, 434; Chase's attitude toward, 434; his views on negro question, 436; Chase calls on, 443; appoints Chase Chief-Justice, 463, 464; sees "muff-box," 488; assassination of, 530; Cooke's tribute to, 532, 535; behavior of markets after death of, 531 *et seq.*; bond sales on day of funeral of, 539; 7–30 traveling agent suspected of assassinating, 602; authorizes Colonel Stewart's trip, 607; news of assassination reaches Vicksburg, 610; negroes moved by death of, 610; 7–30 advertising at funeral of, 618; effect of death of, in California, 631–32; signs bill chartering Northern Pacific, II. 98; his opinion of "Gath," 335; views of, on Sunday question, 494–95.
Lincoln, Robert T., escorts Cooke party, I. 495.
Linsley, Daniel, appointed Assistant Engineer, II. 247; reports progress of construction, 262.
Litchfield, E. D., Moorhead talks to, regarding N. P., II. 150.
Little Rock & Fort Smith Railroad, Blaine's interest in, 171–72.
Livermore, Clews & Co., 5–20 agents in New York, I. 234; congratulate Cooke on 7–30 appointment, 476; letters from, 487; aid Treasury in 1865, 503; favors shown to, 551.
Lloyd & Black, II. 164.
Lobbying at Washington, II. 170 *et seq.*
Loës, F. T., I. 249.
Logan, John A., calls for investigation of McCulloch and Cooke, II. 29–35, 133; Cooke aids re-election of, 71; attitude of, regarding N. P., 179.
London Times, see Times, London.
Loomis, John S., N. P. land commissioner, II. 307.
Louis Napoleon, course of, in Civil War, I. 212; his loans, 316; war with Prussia begun by, II. 195, 223.
Louis Philippe, hoax regarding, I. 36.
Lowrey, W. J., & Co., I. 524.
Lunt, Preston & Kean, Chicago agents, II. 233; report difficulties in West, 393–94.

McClellan, General George B., drilling troops, I. 55–56; retention of, by Lincoln, 176; idol of the nation, 196; Chase's anger with, 197–99; Cooke urges displacement of, 199–201; failure to support Pope, 202; clamor for restoration of, 202; reinstated, 203; Cooke opposes, for President, 435.
McCulloch, Hugh, mentioned, I.

151; Comptroller of Currency, 341; charters Washington 1st National Bank, 343; Cooke's promises to, regarding N. Y. 4th National, 345; appealed to to help bank, 349; mentioned for presidency of bank, 350; approves of a pamphlet on national banks, 354; his visit to Boston, 359; uninformed of Chase's resignation, 421; recommended for Secretary of Treasury by Fessenden, 423; views of, on foreign loan, 444; consulted regarding joint agency, 453–57, 461; urged as Fessenden's successor, 466; willing to accept, 467; Cooke's view of, 467–68; named for Secretary of Treasury, 496; complimented by newspapers, 497; authorizes Cooke to support market, 499–501; assured by Cooke's presence in New York, 504; restricts Cooke, 504; negotiation with Cooke as to commissions, 509–13; hard pressed for money, 513; interested in foreign loans, 513–18; dunned on all sides, 518; authorizes Cooke to exchange vouchers for 7–30s, 519–22; sells four million lot of old 5–20s, 527; sends money to New York to support stock market, 528–29; present at Johnson's inauguration, 530; leaves market to Cooke and Stewart, 530, 535; Johnson uged to retain, 532, 536, 537; approves Cooke's management of market, 535; gratified by sales of 7–30s, 541–42; urged to close Cooke agency, 545; unwilling to listen to such advice, 547; issues third series, 547–48; changes terms of agency, 560–63; favors movement to raise prices, 565–66; increased need of money, 567–68; delighted at relief, 569; blamed for National Blessing article, 638; N. Y. World's attack on, 640–42; states debt of U. S. in 1865, II. 1; supporting market for 7–30s, 3, 4; hears Cooke's plans for resumption, 4; his reliance on Cooke, 5, 6; funding operations by, 8; hears Cooke's consolidated debt plans, 9, 10, 11; approves of them, 11; wavers in support of, 11, 13; Sherman's opinion of, 13; newspaper attacks on, 14–16; investigation of, 16; blamed for defeat of funding bill, 16; difficulties in Johnson's cabinet, 24, 25; newspaper attacks on, 35; anxious to be relieved, 35–36; renewed efforts to get 5 per cent. consolidated loan, 36 *et seq.;* commends Cooke's greenback letter, 53; explains treatment of national banks, 54–55; advised by Cooke regarding stock market in 1868, 74–75; approves scheme to buy bonds in Europe, 88; advises against Mexican loan, 89; parting flings of press at, 133; in N. P. pool, 164; in English house of Jay Cooke, 202 *et seq.;* warmly received in England, 208–09; Grant's antipathy to, 210; Boutwell's reflections on, 267; slighted by Grant and Boutwell, 270; urges Cooke to influence Boutwell, 287; hears Cooke's views on mining enterprises, 290; reprimanded by Cooke, 291; introduces Edgerton, 350; Grant's hatred of, 365; praises Cooke as the war financier, 370–71; resents charges of coolness toward N. P., 378; announces formation of N. P. syndicate, 379; criticizes Sargent, 380; alarmed by N. P.'s overdrafts, 384; telegraphs Cooke about them, 385; writes on same subject, 386; reports scarcity of money in London, 392; announces trip to America, 419; at "Ogontz," 458; Sargent's opinion of, 513–14; establishes firm of McCulloch & Co., 536; returns to America, 536.
McCulloch & Co., II. 536.
McDuffie, George, I. 17.
MacDonald, James, II. 195.
McHenry, A. R., I. 236.
McHenry, James, I. 288.
McIntyre, Archibald, I. 182, 280.
Mackay Smith, Bishop, II. 478.
McKean, William V., II. 135.
McKenzie, Dr. R. Shelton, I. 294.
McKim & Co., compliment Cooke, I. 294.

McKnight, Wm., in N. P. pool, II. 164.
McMeens, Anna C., II. 461, 488, 507, 525.
McMichael, Morton, I. 93, 464, 236.
McMichael, Morton, Jr., I. 341.
McMillen, J. W., 7–30 travelling agent, 618, 624, 625.
McPherson, Edward, I. 299.
Mad River Railroad, I. 25, 26.
Manassas. See Bull Run.
Manly, George, I. 286.
Marble, Mr., of N. Y. World, I. 579–80, 653.
Marshall, William R., in N. P. exploring party, II. 125, 128; at Washington in behalf of N. P., 175; retained by Cooke, 245; criticizes Windom, 246; computes size of Duluth, 251; suggests manufactures for Duluth, 252; antipathy of, for Smith, 259; Cooke's gift for wife of, 470; returns stock to Cooke, 516.
Marvin, Luke, II. 133.
Marvin & Keene, II. 232.
Maryland, subscriptions of, heralded, I. 250; disloyalty in, 603–04.
Masons, Cooke seeks funds of, I. 582.
Matlack, Rev. Robert C., tells story of Cooke, II. 499–500.
Memphis, El Paso & Pacific Railroad, II. 151.
Mercer, S. A., action regarding Pa. State loan, I. 107, 108, 117; consulted by Chase, 180; asks Cooke to reduce his account, 192.
Meredith, Wm. M., I. 105, 106, 117.
Messersmith, George R., mentioned, I. 100, 110; reports battle of Gettysburg, 265; opposes national banking law, 329; reports burning of Chambersburg, 414–15.
Metropolitan Bank, New York, I. 344.
Mexican War, finances of, I. 80–83.
Mexico, Cooke urged to sell loans of, II. 88–89, 291–92, 518.
Miller, D. S., II. 487, 496.
Mills, D. O., I. 630.
Milne, David, I. 345.
Minneapolis, jealousy of St. Paul, II. 251, 341.
Minnesota, school lands of, II. 314.
Mining, mania for companies for, I. 369, in Montana, II. 316.
Mississippi, condition of state after war, I. 611.
Mitchell, Dr. S. Weir, II. 131, 164.
Mobile, conditions in, after war, I. 611–12.
Montana, "treasure box of West," II. 316; transportation routes into, 316, 317; anxiety of people of, for railroad, 330; plans for, line from Columbia river, 341.
Montgomery, Ala., conditions in, after war, I. 612.
Montgomery, James B., II. 239, 341.
Moore, Henry D., State Treasurer, sells Pa. loan, I. 104 *et seq.;* how it was sold, 116 *et seq.;* views on battle of Bull Run, 149; mentioned for president Phila. First National, 341; prepares pamphlet on national banks, 354–55; denounces gold speculators, 410; urges Chase for Chief-Justice, 464; in Preston and other companies, II. 85, 86; Cooke's kindness to, 467.
Moorhead, J. B., mentioned, I. 99, 180; interest in Sterling mines, 87; tries to conciliate Childs, 191; marriage of daughter of, 463.
Moorhead, General J. Kennedy, mentioned, I. 40, 100, 101; fishes with Cooke, 366; goes to see Grant, 494–95; supports O'Conner, 554; visits Henry Cooke, II. 25; suggested for Senator from Pa., 77; visits Pacific coast, 114; in N. P. pool, 164; distrust of Rice, 248.
Moorhead, Wm. E. C., mentioned, I. 102; accompanies Roberts' exploring party, II. 114, 115; goes into Yellowstone region, 124; proposed partnership with Frank Evans, 202; interest in Cooke's London house, 206.
Moorhead, William G., packet line of, I. 40–42; his kindness to Cooke, 47, 48, 49; in Phila. & Erie, 80, 102; in Chile, 91; aids Henry Cooke, 93; suggests a partnership with Jay Cooke, 101; enters firm of J. C. & Co., 102;

encourages Cooke while in Washington, 154, 155; helps to purchase coupé for Chase, 183–84; offers to help at Washington, 185; partner in Washington, 186; on Cooke's appointment to 5–20 agency, 220; on gold speculation, 228; cool toward the Union, 265–66; pleased by 5–20 sales, 279, 280; stockholder in Washington 1st National, 342; favors Chase for President, 363; "blues" of, 415; political views of, 437; his oil companies, 439–40; travelling abroad, 517; continues in firm, II. 16, 17, 18; interest in New York house, 20, 21; kindness of, to Chase, 72; outside investments of, 85, 87; opposed to N. P., 100, 146; Cooke's partner in Minnesota land speculations, 105, 110; remarriage of, 146; visits Rothschilds regarding N. P., 146–50; satisfied with N. P. contract, 161; congratulates Cooke, 167; director of N. P., 182; tries to conciliate Childs, 191; plans for London house, 199; threatens to leave firm, 199; criticizes Fahnestock, 200; offers to establish son in business, 202; in Minnesota, 244; finds corruption in N. P., 245; urges appointment of Milnor Roberts, 245; transfers Johnson, 246; faith in Roberts, 248; complains of scandals in Minnesota, 250; pleased with growth of Duluth, 251; town named in honor of, 262; antipathy to Smith and Rice, 264; favors Preston Coal Co., 290; goes to Pacific coast, 340; directs affairs of St. Paul & Pacific, 343; sells bonds of road, 344; West Philadelphia mansion of, 358; opposes continued alliance with N. P., 380, 387; his troubles with St. Paul & Pacific, 393; favors closing 7–30 loan, 397; signs N. P. memorial to Congress, 406; in New York when house closed, 421–22, 439; country home of, 447; endows chair in West Philadelphia Divinity School, 495; his love of travel, 521; death of, 536.

Moorhead, Mrs. William G., Jay Cooke's sister, mentioned, I. 3, 22, 40, 49, 185; failing health of, 16; death of, 146.

Moran, Benjamin, II. 195, 297.

Morgan, Keene & Marvin, II. 232.

Morgan, Governor, E. D., opposes Field's appointment, I. 420; favored for Secretary of Treasury, 466, 468, 496; gathers campaign funds for Grant, II. 70, 71; chairman national committee in 1872, 352; sends money to Pa., 356.

Morgan, J. P., actively seeks funding business, II. 362; Cooke asked to join, 365, 366; sticks to syndicate, 369; free to "scold" Secretary of Treasury, 372.

Morgan, J. S., mentioned, II. 209; in funding business, 270, 283; Cattell dines with, 376.

Morgan, J. S. & Co., II. 107, 366.

Morrill Tariff Act, I. 127, 128.

Morrill, J. S., on legal tender money, I. 175; drafts new loan bill, 370; visits Chase, 377.

Morris, Robert, mentioned, I. 67, 297, 583; II. 441–43.

Morton, Levi P., in Washington seeking funding business, II. 269; proposes to take balance of loan, 273; surprise at success of syndicate, 283–84; contributions to Grant campaign, 356; again seeks funding business, 362; Cooke asked to join, 365, 366; sticks to syndicate, 369; free to complain of Treasury management, 372.

Morton, Bliss & Co., in funding business, II. 260, 270, 283, 362, 366.

Moss, A. H., II. 56.

Motley, John Lothrop, Sargent's opinion of, II. 192; invited to Sargent's dinner, 195; criticizes emigration agents, 297.

Mott, Lucretia, I. 32; 139.

Moulton, C. W., I. 524.

Murdoch, James E., II. 451.

Murphy, Tom, II. 356.

Myers, P. M. & Co., violate Cooke's 7–30 rules, 551.

Napoleon III. See Louis Napoleon.

Napor, Ben, II. 459.

Natchez, Miss., conditions in, after war, I. 611.
National Asylum for Disabled Volunteer Soldiers, II. 498.
National Banking System, mentioned, I. 169, 172, 227; establishment of, 326 *et seq.;* growth of, 341, 353, 350; law amended, 358; taxation of, 359; fostered by 7-30 travelling agents, 602, 611–13; slow to adopt, in California, 632; Cooke defends, II. 53–58.
"National Debt a National Blessing" pamphlet, I. 634 *et seq.;* II. 27, 137.
National Land Co., II. 296.
National Life Insurance Co., II. 90–93.
Naval Agency, Cookes secure, 209–10; campaign contribution on account of, 357; condition of account at time of panic, 436.
Negroes, Chase's plea for equal treatment of, I. 189; task of caring for, after emancipation, 436; mourn Lincoln's death, 610.
Nelson, Thomas, writes to Cooke, II. 37.
Nettleton, General A. B., recalls conversation with John Sherman on greenbacks, II. 40; assists Cooke in defending national banks, 55-58; Cooke writes, to, regarding "National Blessing" pamphlet, 137; voices Cooke's views on resumption, 138–40; in employ of Northern Pacific, 227; visits Northwest, 227; qualifications of, for post, 228; organizes newspaper party, 237; visits line of N. P. road, 256–57; writes of Banks' resolution of inquiry, 323; demands Smith's resignation, 326; Cass takes passes from, 320; writes to his wife of experiences in panic, 432; issues statement after failure, 437; action in reorganizing N. P., 519–20; at opening of N. P., 534.
Newark Banking Co., I. 552.
New England, customs of, conveyed to Ohio, I. 6.
New England Colony, II. 321.
New Orleans, 5–20s sent to, I. 250.
Newspapers, Cooke's policy toward, in 5–20 campaign, I. 220; hired to support the loan, 232 *et seq.,* usefulness of service of, 253 *et seq.;* brought to support national banking law, 331–37; praise Chase as a Presidential candidate, 362; advertising 7-30 loan, 479 *et seq.;* their service in 7–30 campaign, 575–84; use of, on Pacific Coast, 631; character of, in New York, 638; Cooke's treatment of, II. 473–74.
Newton, Rev. Richard, pastor of old St. Paul's, II. 482; Cooke presents house to, 485; recommends preachers for Gibraltar, 487; helps to distribute thank offering, 493.
Newton, Rev. William Wilberforce, relates story of Cooke, II. 500; meets Cooke at Beach Haven, 542.
New York, banking capital of, I. 136, 150; lack of patriotism in, 150, 498; jealousy of Cooke in, 208, 261, 383, 432; jealousy of Philadelphia, 220, 234; gold speculation in, 396 *et seq.,* Cooke's view of bankers of, during war, 396, 405; bears of, frightened by Cooke, 576; buying loyalty in, 576–77; Copperheads in, 588.
New York Stock Exchange, gold speculation in, I. 213, 395; scenes in, during panic of '73, II. 423 *et seq.,* closes doors, 430; reopens, 435.
New York Sub-Treasury, Cisco in charge of, I. 133, 134; aids in breaking price of gold, 402–04; gold notes issued by, 411; Van Dyck in charge of, 651.
New York Warehouse & Security Co., II. 420.
Nicholson, John, II. 542.
Night agencies for 7–30s, I. 575, 584–88, 600.
Ninth National Bank, New York, sales of 7–30s by, I. 469, 541; favors shown to, 551.
Noblit, Dell, Jr., II. 511.

Norris, Isaac, II. 512.
North Missouri Railroad, Cooke sells bonds of, II. 93–95.
Northern Pacific Railroad, Cooke free to take hold of, II. 80; charter of, 96–98; Perham fails to build, 99, 100; offered to Cooke, 100–101; informs himself in regard to, 112, 113; parties formed to explore route of, 113 *et seq.;* Moorhead's effort to sell bonds of, in Europe, 146–50; character of promoters of, 152; Roberts' report on, 153–156; Cooke makes contract with, 157–61; formation of pool, 161–66; work of construction started, 166, 167; Congressional aid for, 168 *et seq.;* mortgage issued on lands of, 182; efforts to sell bonds of, in Europe, 183 *et seq.;* continued attempts in Europe, 210 *et seq.;* criticized by Fahnestock, 225; advertisement of, 226 *et seq.;* small sales of bonds of, 233 *et seq.;* scandals affecting, 242 *et seq.;* directors of, meet in Duluth, 255; surveying line of, in Montana, 258; liquor shops on line of, 257; progress of road, 256, 257, 262; value of lands of, 258; more scandal affecting, 263, 264; plans for colonizing line of, 296 *et seq.;* government commissioners report on, 306–07; great value of lands of, 313 *et seq.;* Banks' inquiry regarding, 322–23; change of officers of, 326 *et seq.;* progress of road in three years, 333 *et seq.;* roads allied with, 341 *et seq.;* bonds of, sold through Cooke's London house, 378–88; political disturbances prevent bond sales, 389; signs of approaching fall of, 391 *et seq.;* reported in bankruptcy, 409–10; Cooke's faith in, 410–14; estate encumbered by securities of, 421; fate of, after panic, 437; Cooke's continued faith in, 517; subsequent course of road, 519; progress of work on, 530; completion of, 531–35; tunnel through Cascades, 538; Cooke rides over line, 538–39.
Northwest, Cooke's prophecies regarding, fulfilled, II. 310 *et seq.*
Norvell, C. C., defends Cooke, I. 298–99; writes up 7–30 loan, 577, 580; announces establishment of Cooke's London house, II. 206.
Norwalk Seminary, I. 22.

"O. P. J." See Old Patriarch Jacob.
Oakes, Thomas F., II. 533.
O'Conner, James, violates Cooke's rules in Pittsburg, 553–55.
Ogden, William B., incorporator of N. P., II. 97, 152; signs N. P. contract, 161; director of N. P., 182; learns Cooke's wishes regarding Duluth, 256; his opinion of roadbed, 257; interest in Canadian Pacific deal, 350.
Ogontz, the Indian Chief, I. 7, 10.
"Ogontz," Cooke's mansion, erection of, II. 33; Grants at, 66; pictures of, sent to Bismarck, 188; European commissioners at, 217; Mrs. Cooke's death at, 293; Mennonites at, 320; show place, 358; scenes at, after failure, 434; construction of, 447–51; distinguished guests at, 452; Japanese at, 455–57; Indians at, 457–58; preachers at, 486; thank offering for completion of, 493; Cooke recovers, 526–27; converts it into school, 528; Cooke's favors to, 528–29; Cooke watches farms of, 540; arbutus for girls at, 541; snake skins for pupils, 543; last appearance at, 545; tomb at, 546.
Ogontz Lodge, Cooke at, II. 543.
Ogontz Place. See Sandusky.
O'Hara, cotton speculator, I. 438.
Ohio State Journal, I. 92, 128, 129, 131, 438..
Oil, speculation in, deplored by Cooke, I. 439–41; II. 84–85; excitement over discovery of, in Pa., 615–16.
Oil Creek Railroad, II. 93.
"Old Patriarch Jacob," his share of Cooke's gains, I. 466, II. 17, 20, 21, 22; accounts kept for, 477–78; generosity of, 484.

Opdyke, George, helps organize 4th National Bank in New York, I. 345; elected President of bank, 285; reports jealousy of rival 347, 349–50; mentioned for Secretary of Treasury, II. 35; contributes to Grant campaign fund, 71; early interest in N. P. railroad, 97.
Opdyke, George & Co., rumors concerning, II. 420, 438.
Oppenheim, Baron, N. P. negotiations with, II. 213; in syndicate, 278; cause of failure of negotiation, 514.
Oregon & Transcontinental Co., II. 533.
Oregon Railway & Navigation Company, II. 530, 533.
Oregon Steam Navigation Co., puts boats at disposal of N. P. exploring party, II. 117; operations of, on Columbia River, 340; purchased by N. P., 348–49; securities of, embarrass Cooke's firms, 421; later fate of, 530, 532, 533.
O'Reilly, Henry, telegraph promoter, I. 72.
Orvis, Joseph W., sales of 7–30s by, I. 469, 541; reports favors shown to insurance companies, 553; agent of National Life Company, II. 92.
Ottawa Indians, I. 5.
Owen, Robert Dale, II. 24.

Pacific cable, II. 292.
Packer, Asa, II. 236.
Packet lines in Pennsylvania, I. 40–42.
Page, Wm. T., I. 250.
Painter, John V., N. P. agent in Ohio, II. 233; large sales of bonds by, 399.
Painter, Uriah H., sends news of rout at Bull Run, I. 146, 147; reports a speech of Cooke's about Chase, II. 65; secures charter for National Insurance Company, 91; assists in defeating St. Croix bill, 111, 347; seeks contracts for Northern Pacific, 335.
Palmer, William J., II. 101.
Pancoast, Dr., II. 131.
Paper money evils, I. 368–70, 395, 646, II. 400.
Parker, Edward, I. 1.
Parrish, Dr. Joseph, II. 498.
Parsons, Governor, on Cooke's plans to aid South, II. 24.
Parsons, Mr., sells 7–30s to soldiers, II. 628.
Parvin, Rev. Robert J., first rector of new St. Pauls, II. 483–87; assists in distributing thank offering, 493; death of, 496.
Parvin Hall, Cooke builds, II. 483.
Patterson, Joseph, mentioned, I. 69; consulted by Chase, 180; offered Asst. Treasurership at Phila., 182; offered Comptrollership, 341; suggested for Secretary of Treasury, II. 364.
Paxson, Judge, II. 164.
Pearson, Mr., Clerk in Cooke's Washington house, I. 439; II. 17, 18.
Peaslee & Co., advertising agents, I. 578, 653–54.
Peet, Emerson W., II. 92.
Pelz., Mr., employed by Baron Gerolt, II. 311.
Pendleton, George H., financial views of, II. 29, 37; false statement by, 52.
Pennington, Speaker, I. 94.
Pennsylvania, packet lines of, 40–42; war loan of, 104 *et seq.*
Pennsylvania Hall, burning of, I. 44.
Pennsylvania Railroad, buys state canals, I. 99; Warren and Franklin merged with, II. 93; interest of, in N. P., 153, 327; Cooke sells bonds for, 168; rumors affecting credit of, 427.
Perham, Josiah, his plans to build Northern Pacific, II. 97–100.
Perry, Commodore, victory of, II. 459.
"Pet Banks," I. 81.
Peto, Sir Morton, visits United States, II. 98.
Pettengill & Co. advertise 7–30s on Pacific coast, I. 631.
Philadelphia, Cooke's first impressions of, I. 43 *et seq.*, 52, 54, 55, 58; banking capital of, 136, 150;

New York's jealousy of, 208, 220, 234, 262, 641.
Philadelphia Stock Exchange is asked to stop sales of 7-30s, I. 556; scenes in, in panic of 73, 419 *et seq.*
Philadelphia Sub-Treasury, Cooke asked to take charge of, 136–40.
Philadelphia and Erie Land Co., II. 86.
Philadelphia and Erie Railroad, I. 80, 102, 274, II. 86.
Philadelphia and Reading Coal and Iron Co., II. 86.
Philadelphia and Reading Railroad, I. 100.
Phillips, William, in N. P. pool, II. 164.
Philo-Literati Society, I. 29.
Pickersgill & Co., I. 82.
Pine Grove Iron Works, II. 86.
Pittinger, J. H., 7-30 travelling agent, I. 620–21.
Polk, James K., I. 17.
Pomeroy, Senator, S. C., I. 363, II. 28.
Pope, General, I. 202.
Porter, Governor, of Pennsylvania, I. 41.
Porter, Horace, in N. P. pool, II. 165; reports Morton's remarks, 284; tells Grant of condition of stock markets in 1872, 355.
Portland, Ohio. See Sandusky.
Postoffice Department aids in sale of 7-30s, I. 618.
Potts, B. F., Governor of Montana, II. 336, 342.
Potts, Joseph D., II. 520.
Poulterer, William, I. 249, 356.
Preston Coal Co., II. 85, 290.
Princeton College, Cooke's gifts to, II. 499.
Pritchard, A. L., appointed treasurer N. P., II. 330.
Public Debt in first years of war, I. 121–24, 167, 214, 240; amount of, held abroad, 317; amount of, when Chase left office, 425; amount in 1865, 635, II. 1, 2; Cooke's efforts to secure payment of, in coin, I. 638, 639, 648, 653, 656; Cooke's plan to consolidate, II. 8 *et seq.;* Cooke's war on repudiators of, 37 *et seq.*
Public Ledger, Philadelphia, mob attacks office of, I. 45; antagonizes Cooke, 546–47; alienated during war, 577, 643; attacks on Cooke and McCulloch after war, II. 31; continued hostility of, 134–36; baits N. P. railroad, 189 *et seq.;* still hostile, 395.
Puleston, John H., sent to London house, II. 203; interest in firm, 206; no sympathy for Barings, 210; goes to Cologne, 213; reports success of syndicate, 284, 285; reports jealousy of rival bankers, 286; makes funding arrangements, 288; proposes to enter Parliament, 290; hears Cooke's views in regard to mining, 291; in Mexican loan scheme, 291; Cooke reprimands, 292; fears failure of 2nd syndicate, 367; explains fizzle, 369–70; resents charges of coolness toward N. P., 378; criticizes Sargent, 380; reports small sales of bonds, 380; alarmed by overdrafts, 384–85; defends himself to Cooke, 388; Sargent's charges against, 513–15; knighted in England, 536.
Put-in-Bay, O., I. 131; II. 459, 460.
Putnam, Israel, I. 146.

Quakers. See Society of Friends.
Quartermasters' Vouchers, exchange of, for 7-30s, I. 518–25.
"Questions and Answers" circular, popular in 5-20 campaign, I. 234 *et seq.;* in 7-30 campaign, 479, 588, 616, 621, 622.

Ralston, W. C., letter on California's gold standard, I. 632.
Ramsey, Senator, I. 413, II. 178.
Randall, Alexander W., orders postmasters to post 7-30 handbills, I. 617.
Randall, Samuel J., attacks Cooke, II. 30, 32; attacks national banks, 54; opposes N. P. bill, 180; in Crédit Mobilier investigation, 402.
Randolph, E. D. & Co., suspension of, II. 434.
Randolph, Richard, 7-30 travelling agent in South, I. 610–14.

Raphael, R., & Co., in first syndicate, II. 278; ignored in and displeased at second, 367, 370.
Raymond, Henry J., Jr., II. 238.
Red River, N. P. railroad reaches, II. 262; riches of valley of, 315; line to Canada through valley of, 342; traffic on, 343.
Red River Colony, II. 321.
Register, Sandusky, H. D. Cooke editor of, I. 92; publishes Jay Cooke's article on national banks, II. 55.
Reid, Whitelaw, suggested as 7–30 agent, I. 480–81; appointed to investigate O'Conner case, 554; on the National Blessing pamphlet, 637; sends syndicate limerick to Fahnestock, II. 275; favors Greeley for President, 353–54; interest in settlement of Greeley's estate, 414; at "Ogontz," 458.
Revolutionary War, I. 2, 6, 21.
Rhorer, I. H., I. 388.
Rice, Richard D., early interest in N. P., II. 97, 100; signs N. P. contract, 161; hears that pool is closed, 166; vice-president of N. P., 182; lets contracts on Pacific coast, 247, 248; resents criticism, 249; plans to remove, 326; a new office found for, 330; goes to Pacific coast, 340.
Richardson, Wm. A., efforts abroad to fund 5–20s, II. 275, 283, 287; cables joint proposal of Cooke and Rothschild, 288; orders Cookes to support market in 1872, 355; advises Morton to return to New York, 362; to be made Secretary of Treasury, 364; unpleasantly impressed by action of London bankers, 369; succeeds Boutwell, 374; calls bonds to return Alabama money, 377; in New York trying to stay panic, 430; policies of, 431; at "Ogontz," 458.
Richmond, North's march on, I. 146; Grant around, 413, 414; fall of, 527, 528; 7–30s for people of, 606-07.
Riggs & Co., I. 284.
Robb, Alexander, 7–30 travelling agent, I. 606; in Pa. oil regions, 615–16; in Indiana, 618–19.
Roberts, M. O., II. 70.
Roberts, W. Milnor, asked to report on North Missouri road, II. 93–94; report on "Southwest Pacific," 103; explores N. P. country, 114; criticizes Canfield, 116, 119; speaks at Portland, Oregon, 117; speaks at Walla Walla, 118, 119; letters to Cooke concerning trip, 122, 123; prepares and submits report, 153–56; in Montana, 218; accompanies European inspectors to Pacific, 219-20; his view of the men, 220; appointed chief engineer, 245; takes charge of work, 247; goes to Pacific coast, 247; General Moorhead's faith in, 248; "delicate" position of, 248–49; goes to Minnesota, 250; J. Edgar Thomson wishes him to be in full control, 250; investigates Duluth harbor, 254, 255; surveying in Montana, 258; to inspect line in Minnesota, 306; in Yellowstone among Indians, 337; reports road at Missouri River, 337.
Robertson, T. J., II. 164, 212.
Robeson, George M., Secretary of Navy, gives naval agency to Cookes, II. 209; demands of, in Grant campaign, 352, 357; favors Cookes, 363; invited to "Ogontz," 452, 458.
Robinson, Solon, I. 597.
Robinson & Suydam, II. 427.
"Rockwood," II. 447.
Rollins, E. A., agent in New England for National Life Insurance Co., II. 92; trustee of Jay Cooke & Co., 510; aims to secure amendment of bankruptcy law, 512.
Romero, Senor, urges Mexican loan, II. 89.
Rose, Sir John, II. 195, 269, 270, 286.
Rosser, General Thomas L., reports on value of N. P. lands, II. 258; heads party of engineers in Yellowstone region, 338, 339.
Rothschild, Baron Lionel, funding arrangement with, II. 288; re-

ceives Cattell, 375–76; Cooke's hope for aid from, 415.
Rothschilds, asked to take Lake Superior bonds, II. 107; Moorhead asks them into N. P., 146–50; tell other bankers that they declined going in, 214; in funding business, 283; false predictions of, 285; rivalry of, feared, 286; join Cookes in proposal to fund, 288, 359; great wealth of, 288; renew offer, 361; relations with Belmont, 362; fresh telegrams from, 363; in 2nd syndicate, 366; threaten to resign, 369; Cattell at, 374–76; excluded from Alabama settlement, 377.
Rushton, Willie, II. 531.
Russell, B. S., 5–20 agent, I. 250; opens bank for Clarks in Duluth, II, 252; reports to Cooke on severe weather, 333.

Sacket, Edward, I. 618.
Sadler, Judge E. B., in California, I. 630–34; II. 96.
St. Jurjo, Rivera, II. 459.
St. Croix Railroad, Cooke's opposition to, II. 111; Knott's speech called out by, 308; Cooke's negotiations concerning, 345–46; defeat of bill, 347.
St. Louis, Cooke's early impressions of, I. 33 *et seq.*
St. Louis River, water power of, II. 105; Cooke's repurchases of land on, 529.
St. Paul, jealousy of Minneapolis, II. 25, 341; N. P. emigration office at, 319.
St. Paul's Church, Philadelphia, II. 482.
St. Paul's Church, Ogontz, Cooke helps to build, II. 483; his large gifts to, 483–84.
St. Paul & Duluth Railroad, II. 530.
St. Paul & Pacific Railroad, sale of bonds of, in Europe, II. 150; incorporated in N. P. system, 342–44; breaking down of, 392–93; goes to Great Northern, 535.
St. Paul & Sioux City Railroad, Cooke refuses to take over, II. 344–45.
St. Vincent Extension, II. 342.
Salem, Mass., Cookes in, I. 1.
Sampson, H. B., his relations with Sargent, II. 192–95, 211.
Sands, A. C., II. 306.
Sandusky, O., mentioned, I. 4, 5, 7, 8; Cooke's memories of, 9 *et seq.*, 24, 26, 27, 54, 65; possibility of his return to, 95; drawn back to, II. 458.
Sanford, H. S., in N. P. pool, II. 164; hears Cooke's views of Southwest, 173; declares outlook in Europe unfavorable, 212–13; recommends Oppenheims, 213; sends bill for commissions, 214; helps funding bill, 266.
San Francisco, influences in, hostile to N. P., II. 171.
Sanitary Fairs, 7–30s advertised at, I. 618.
Sargent, Epes, II. 192, 195.
Sargent, George B., settles in Duluth, II. 109, 110; meets eastern guests, 133; appointed to go to Europe, 183; in Frankfort, 184; operations of, in that city, 185, 186; goes to England, 192; visits Sampson, 192–94; arrangements with General Credit Co., 194, 195; his sympathies in Franco-Prussian War, 195; complains of Budges, 196, 197; wishes to return to America, 197; turns to Bischoffsheim, 198; relations with Cooke's London house, 210–11; returns home, 211; asks larger stock bonus, 211; turns to Oppenheims, 213; boasts of climate of Northwest, 214; sails to America with commissioners, 216; praises them, 218; changes his mind, 220; unsuitable for his office, 222; Cooke tells him plans for Canadian annexation, 296; failures of, 378; pressing demands of, 380; large claims on Cooke estate, 513–14.
Sartain, John, I. 363.
Savannah, war ruins, I. 608.
Sawyer, F. A., II. 164.
Schell, Richard, II. 427.
Schenck, Robert C., in N. P. pool, II. 164; friendly to N. P. bill, 179; employed for N. P., 229; appointed minister to England, 229–30; recommends Allison, 231;

an indiscreet friend, 290; expresses favor for Mexican loan scheme, 291; Cooke criticizes, 292; in Cooke's Michigan railroad, 350; at "Ogontz," 458.
Schern, Baron, II. 209.
Schoenberger, Mr., iron works in Duluth, II. 33.
Schuckers, J. W., employed in 7-30 campaign, I. 584, 628.
Schurz, Carl, Cooke's kindness to, II. 467; at "Ogontz," 458.
Scott, Thomas A., in Sterling mines, II. 87; in N. P. pool, 164; signs call for meeting, 236; his valuation of Cass, 328; seeks endorsement for Southern Pacific, 404–06; rumored failure of, 427.
Seaman, Billopp, I. 553.
Sears, Willard, II. 97.
Seattle, exploring party at, II. 117.
Second National Bank, New York, I. 344.
"Secret Sales," bill to prohibit, II. 35; Ledger attacks, 134; Inquirer defends, 136; Boutwell changes system of, 136, 401.
Seligman & Co., II. 278; in first syndicate, 283, 284; ask to enter second syndicate, 366.
Seven-thirty gold loan, Chase's note issues, I. 150 *et seq.*, 215, 221, 253, 307; falls due, 385.
Seven-thirty currency loan, authorization of, I. 426; early sales of, 435; slow sales of, 442, 446, 469, 471; proposed joint agency for sale of, 452–62; continued sales by national banks and sub-treasuries, 462; Cooke appointed sole agent, 469 *et seq.*; Cooke's vigorous sale of, 478; instant response to call, 485–86; public men buying, 489; end of 1st series, 497, 507; larger subscriptions to, 497. influences damaging to, 498; 2nd series opened, 508–09; commission for sale of, 509–15; exchange of, for vouchers, 519 *et seq.*; great speculation in, 538 *et seq.*; close of 2nd series, 542; Fessenden and Blaine urge closing of Cooke's agency, 545; A. J. Drexel also, 545; 3rd series in Cooke's hands, 547–48; terms of sale of 3rd series, 560–63; rapid sales of, exhaust money supply, 563; supporting market for, 564; 3rd series goes out slowly, 566; increased sales of, 569; close of loan, 570–74; how it was sold, 575 *et seq.*; newspapers enlisted in service of, 575–84; night agencies for sale of, 584–88; telegraph key used in sale of, 594; widows' mites going into, 598; travelling agents to sell, 601–24; soldiers' subscriptions to, 624–29; attempt to sell in California, 629–32; closing of, II. 1; support of market, 2–4; Cooke's plans to fund, 9; distribution of, 38, 39.
Seward, Wm. H., mentioned, I. 129; resignation of, 223–26; on 5–20 commissions, 269; speech after fall of Richmond, 527; wounds of, 530; goes to Pacific coast, II. 114.
Seward, Frederick, wounds of, I. 530.
Sexton, John W., in Philadelphia office, I. 539; congratulates Cooke, 572; interest in Jay Cooke & Co., II. 17, 18; receives letter from Claxton, 115; eliminated, 202; invited to Gibraltar, 466.
Seymour & Bool, I. 33, 39.
Sharp, Mr., attorney for Bischoffsheim, II. 213.
Shattuck, W. B., advertises 10–40 loan, I. 390; sent for by Fessenden, 430; helps Cooke in 7-30 campaign, 578.
Sheep growing in Northwest, II. 317.
Shepherd, Alexander R., succeeds Governor Cooke, 422.
Sheppard, George, Cooke gives plans to, for annexing Canada, II. 296; commissioner in Europe, 311; his pamphlet about Northwest, 312; immigrants forwarded by, 320.
Sheridan, General, favors N. P., II. 337.
Sherman, John, mentioned, I. 6, 17; friend of Henry Cooke, 93, 187; in House of Representatives, 94; on Buchanan's finances, 123, 124; election expenses of, paid by Cooke, 131; visits Cooke, 132; on

foreign loan, 287; defends Cooke in Senate, 309 *et seq.;* brought to favor national banking law, 332–33, 337; improvements in law suggested to, 358; shapes financial legislation in Senate, 372, 376, 377; not told of Chase's resignation, 421; Cookes urge, as Chase's successor, 423; aids Cooke in Ketchum affair, 461, 462; favored for Secretary of Treasury, 466, 468, 496; Cooke depends on, 491, 492; opposes McCulloch's loan bill, II. 7, 8; approves Cooke's consolidated debt scheme, 11, 12, 13; Chase expresses love for, 13; announces failure of funding bill, 16; visits Henry Cooke, 25; reports Ledger attacks, 31; guest at "Ogontz," 33; passes over to greenbackers, 39 *et seq.;* Cooke writes to, 41; his reply to Cooke, 42; interested in telegraph companies, 90; stockholder in National Life Ins. Co., 91; opposes bill prohibiting secret sales, 136; doubts popular desire for resumption, 140; interested in N. P., 147; suggested head of London house, 199; Cooke favors, for minister to England, 229; helps funding bill, 266; Cooke again supports, for Secretary of Treasury, 268; at "Ogontz," 458; at Gibraltar, 461.

Sherman, General Wm. T., mentioned, I. 6; fears for safety of, 415; as a presidential candidate, 467; effect of his operations on public finances, 506; Colonel Stewart's letter to, 607; attacks upon, 643; brought to Washington to become Secretary of War, II. 67; suggests caution regarding N. P., 113; to preside at dinner to Governor Cooke, 422; at Gibraltar on Sunday, 493.

Shewell, Thomas F., travelling agent, 249; efforts to establish banks, 355–56.

Shoemaker, Robert, II. 512.

Sigel, General, defeats of, I. 415.

Simonton, James W., I. 58.

Sioux Indians, II. 125, 336.

Sliding scale tariff, Cooke's plan for, II. 139.

Sloane, Rush R., I. 131.

Sloane, Mrs. T. Morrison, I. 22, 79.

Smedley, Mr., emigration agent, II. 297.

Smith, Rev. Aristides, II. 412.

Smith, G. A., at Sargent dinner, II. 195; head of emigrant company, 297; criticizes Motley, 297.

Smith, John Gregory, early interest in N. P., II. 97; sends pamphlets to Cooke, 112; heads exploring party, 125; return of, 128; congratulates Wilkeson, 157; signs N. P. contract, 161; hears that pool is closed, 166, 167; lobbying for N. P., 175; unwilling to agree to amendments to bill, 180; demands money, 198; anxious about reports of commissioners, 221; distrust of, 243; criticized by Governor Marshall, 245; proposes trip to Pacific coast, 249; influence used against Duluth, 252; chided by Cooke regarding Duluth, 254, 256; antipathy for Marshall, 259; haste in building road, 259; Cooke's efforts to check, 260–61; neglects road's affairs, 263–65; postpones land business, 302, 304, 305; criticized by Henry Cooke, 305; still not ready, 306; on Knott's speech, 309; still absent in Vermont, 323; Cooke's efforts to reduce expenditures of, 324–25; votes himself larger salary, 326; resignation of, demanded, 326; tries to resist Cooke, 327.

Smith, Prescott, II. 452.

Smith, Sydney, tirades against Pa., I. 103, 104.

Snow, David, I. 552.

Society of Friends, Cooke asks money of, I. 583.

Soldiers' subscriptons to loans, I. 576, 599, 624–29.

South Carolina, nullification in, I. 18; secession of, 102.

South Carolina Freedmen's Savings Banks, I. 614.

Souther, Mr., 7–30 travelling agent, I. 620.

Southern Pacific Railroad, Cooke asked to finance, I. 103; mismanagement of, in France, 151;

Cooke appealed to in behalf of, 171–74; his opinion of, 173; seeks Congressional aid, 404–06.
South Mountain estate, mines on, II. 86; Grants and Cookes at, 453–55; fishing at, 508, 541; Cooke repurchases, 530.
Spaulding, E. G., views of, on legal tenders, I. 171, 172; on "shaving shops," 175; loan bill of, 370; visits Chase, 377; views on resumption, II. 4; visits Henry Cooke, 25; doubts popular desire for resumption, 140; fails to sell N. P. bonds, 234.
Spaulding, Ira, chief engineer in Minnesota, II. 167; criticisms of, 244, 245; unfriendly to Duluth, 254; reports liquor shops, 257.
Specie payments, suspension of, I. 166, 168; resumption of, 177; return to, discussed, 547–48; Cooke's plans for resumption of, II. 4–6.
Speed, James, present at Johnson's inauguration, I. 530.
Spencer, Vila & Co., 5–20 agents in Boston, I. 348; complaints of, during 7–30 campaign, 552, 595.
Speyers, London bankers, asked to buy Lake Superior bonds, II. 107; in syndicate, 278.
Spinner, F. E., treasurer of U. S., I. 431; delighted by large 7–30 sales, 488; guest at "Ogontz," II. 33; at Gibraltar, 461.
Spofford, Paul, II. 71.
Spotted Tail, at "Ogontz," II. 457.
Sprague, General, in Oregon, II. 247.
Sprague, William, marriage of, 276–77; cost of campaign of 1864 to, 364; visits Grant, 413; arranges for burial of Chase, II. 415.
Sprague, Mrs. Wm. See Kate Chase.
Stanberry, William, I. 19.
Stanley, General, heads N. P. expedition in 1873, II. 338.
Stanton, Edwin L., receiver 1st National Bank of Washington, II. 510.
Stanton, Edwin M., reported resignation of, I. 203; Chase calls on, 443; name of, suggested for Chief Justice, 464; his requisitions on the Treasury, 487, 519; predicts end of war, 498; objects to voucher exchanges, 521; attempt to assassinate, 530; his need of money to pay army, 569; suspension of, II. 27.
Starbuck, C. W., II. 508.
Starr, F. Ratchford, II. 92.
State banks, system of, I. 53; their notes, 67; suspension of specie payments by, 166, 168; number and capital of, 326; inadequate for war purposes, 328; attack national banking law, 329, 338–40; resist execution of law, 350–52; opposed to changing their names, 357.
Stedman, Edmund Clarence, I. 147.
Stedman & Co., I. 628.
Steemberger, J. B., beef speculator, I. 74, 75.
Steever, Isaac H., 7–30 travelling agent, I. 621–23.
Sterling Co., Chase in, II. 72; others in, 87.
Stern, London banker, asked to buy Lake Superior bonds, II. 107.
Stephens, Alexander H., on Cobb, I. 124.
Stetson, John B., II. 527.
Stevens, Thaddeus, his views on legal tenders, I. 171, 371; tired of the greenback, 372; Cooke appears before, 374; supports the Cooke bill, 376–79; loan scheme of, 491; radical views of, II. 27, 28, 38; his early interest in N. P., 129.
Stewart, A. T., refuses to help establish 4th National Bank, I. 345–46; subscribes to Grant's campaign fund, II. 70, 71; tendered secretaryship of Treasury, 79; Cooke's efforts to allay his hostility to N. P., 242.
Stewart, John A., helps organize N. Y. 4th National, I. 345, 347; Asst. Treasurer in New York, 393; meets Cooke in Washington, 448; selling new 5–20s, 458; aids Cooke in Ketchum negotiation, 461; explains Fessenden's course, 463; congratulates Cooke, 476; proposed negotiation of long bonds, 492–93; Cooke con-

sults with, 499–503; receives money to support market, 529; activity of, after Lincoln's assassination, 530, 535; again congratulates Cooke, 542; opposes optional feature of 3rd series, 548; asked by Cooke to see Bennett, 647–51; retirement of, 651; successor of, II. 2; guest at "Ogontz," II. 33.
Stevens, Simon, seeks a banker for Mexico, II. 291–92.
Stewart, Col. William M., goes South to sell 7–30s, I. 607–10; discoveries in North Carolina, 486.
Stinson, James, director of N. P., II. 182.
Stockton, John D., I. 616.
Stockton, Rev. Thomas H., Cooke member of church of, II. 482; library of, 482; sends preachers to Gibraltar, 487.
Stone, David M., of Journal of Commerce, hostility of, I. 298; II. 16.
Stone, Lydia, I. 10, 11, 13.
Storms, H. C., 7–30 agent in Ohio, I. 249, 355, 617, 624; II. 23.
Stuart, George H., mentioned, I. 345; offered cabinet place, II. 79; signs call for meeting, 236; supports Patterson for Secretary of Treasury, 364; president Christian Commission, 498.
Sturdivant, John, I. 42, 48, 49, 50, 51, 53, 55, 58.
Sturgeon, Isaac H., II. 94.
Sturgis, Russell, Cattell dines with, II. 376.
Sub-Treasury system, I. 81.
Sufferers' Lands, I. 6.
Sully, General, II. 124.
Sumner, Charles, II. 28.
Superior, town of, projected, II. 98; Cooke visits, 106; rivalry with Duluth, 171, 251; hand of Smith seen in, 252.
Swain, Wm. M., of Ledger, I. 93.
Swain, Mr., clerk in Cooke's Washington house, I. 439; II. 17, 18.
Swett, Leonard, II. 97.
Swift, Joseph, I. 97.
Syndicate, origin of the word, II. 275–76.
Tacoma, N. P. terminus established at, II. 341.
Taylor, Bayard, in Northwest, II. 238; lobbying at Washington, 346.
Taylor, Moses, II. 71.
Telegraph, first lines of, I. 72.
Telegraph, Philadelphia, supports Cooke in combating repudiation schemes, II. 76; speaks against Childs, 191.
Temporary loan system, I. 178, 215, II. 1.
Ten-forty loan, authorized, I. 380–82; slow sale of, 386–95, 442; condition of, when Chase resigned, 426; decline in price of, 499, 540, 582; amount outstanding at end of war, II. 1; raising price of, 10; Chase's devotion to 11–14; not sold by Cooke, 52, 53.
Tennessee, subscriptions to 7–30 loan in, I. 598.
Tenney, William M., manages Washington house, II. 201; asked to call Blaine's loan, 416.
Terry, General, II. 337.
Texas debt certificates, I. 73, 74.
Thaw, William, in N. P. pool, II. 164; objects to Cooke's plan to reduce bonus, 212; opposes plan to abolish, Lake Superior and Puget Sound Land Co., 332; opposes lease of Lake Superior and Mississippi road, 347; predicts failure of N. P., 398.
Third National Bank, New York, I. 344.
Thode, Robert & Co., N. P. contract with, II. 183; write to Cooke about a steamship line, 298–99.
Thomas, George C., interest in firm, II. 17, 18; Fahnestock writes to, 20; visits Duluth, 131; letter of Cooke to, 144; suggested head of London house, 199; joins New York firm, 202; subscribes for Chicago fire sufferers, 259; joins Drexels, 536.
Thomas, Philip F., Secretary of Treasury, I. 125, 126, 307.
Thomas Iron Co., II. 86.
Thompson, George H., I. 97.
Thompson, John, I. 344, 394; bids

for 81s, 451; sales of 7–30s by, 469.
Thomson, J. Edgar, early interest in N. P., II. 153; signs N. P. contract, 161; in N. P. pool, 164; trustee of N. P., 182; signs call for meeting, 236; calls attention to N. P. scandals, 250; employs G. A. Smith, 297; signs memorial for Southern Pacific, 406.
Thurlow, S. L., II. 132.
Thurman, Senator, opposes N. P. bill, 180.
Timber supply in Northwest, II. 318.
Times, London, informed of success of Pa. state loan, I. 110; views of, on American debts, 169; comments on strength of market after Lincoln's assassination, 536; Phila. correspondent of, 656; Childs effects alliance with, II. 189; influence of, 190; Sargent's efforts to control, 191–94; not easily bought, 211.
Times, New York, congratulates Cooke on closing 7–30 loan, I. 573; support of, 577, 581; receives "National Blessing" article, 637, 638; favors N. P., II 227.
Tod, David, nominated for Secretary of Treasury, I. 420–22.
Toombs, Robert, on Cobb's administration, I. 124.
Tower, Charlemagne, comes into N. P. II. 403.
Tower, Charlemagne, Jr., II. 537.
Townsend, George Alfred, II. 335, 339, 340.
Train, George Francis, II. 117, 118,
Train Resolution, I. 223, 259.
Travelling Agents for 7–30 loan, I. 575; visit local editors, 578; visit clergymen, 582; adventures of, 601–24.
Treasury, United States, condition of, under Buchanan, I. 121 *et seq.;* pressing needs of, in 1861, 133; devices of Congress to strengthen, 145, 146; Associated Banks support, 150 *et seq.;* position of, in 1862, 194; clerks of, ordered to form military companies, 202; delays bond deliveries, 229; receipts of, in 1864, 384; position of, when Chase resigned, 425; employment of clerks of, on Sunday, 430; insatiable demands of, 491; great needs of, 568–69; condition of, in 1865, 658.
Treasury notes. See Seven-thirties.
Tribune, New York, on national banking law, I. 336; congratulates Cooke on 7–30 sales, 544; helps 7–30 sales, 577; publishes "National Blessing" article, 637, 643; makes denial for Cooke, 647; supports Cooke in fighting repudiation, II. 76, publishes Haas's report, 222; favors N. P., 227; eulogizes Cooke, 425.
Trowbridge, J. T., I. 364; II. 132.
Tucker, John, I. 80.
Tyler, George F., II. 92.
Tyler & Co., I. 346.
Tyng, Stephen H., case of, II. 492–93.
"Uncle Tom's Cabin," I. 275.
Underground Railroad, I. 32.
Underwood, Thomas, N. P. commissioner, II. 306; writes unofficial endorsement of road, 307.
Union Bank of Vienna, negotiations with, II. 214; contract with, signed, 214; changes plans, 215; sends commissioners to America, 216 *et seq.;* escapes contract, 223; why negotiations with, failed, 514.
Union League, New York, I. 346.
Union League, Philadelphia, mentioned, I. 361; Cooke one of last surviving founders, 541.
Union Pacific Railroad, Cooke sells bonds for, II. 101, 102; N. P.'s advantages over, 112; Chinese labor on, 154; partisans of, oppose N. P., 171; scandals of, 243; government to sue, 402; interest payments on bonds of, withheld, 409.
Union Trust Company, New York, failure of, II. 429.
United States notes. See Greenbacks.
Usher, Judge, I. 467, 488.
Vallandigham, Clement L., I. 223, II. 28.
"Valley Farm," II. 447.
"Valley Route," II. 315.

Van Buren, Martin, I. 37.
Vanderbilt, Commodore, in panic of 1873, II. 427, 429, 430.
Van Dyck, H. H., asst.-treasurer New York, I. 651, II. 2, 3; newspaper attacks on, 27; Cooke asks McCulloch to direct action of, 74, 75.
Van Winkle, Senator, speaks for Consolidated Debt, II. 13.
Vermilye, J. D., I. 651.
Vermilye, William M., defends Cooke, I. 297–98; mentioned for president of 4th National of New York, 347; aids Treasury in 1865, 500.
Vermilye & Co., 5–20 agents, I. 234; aid Treasury in 1865, 503, 529; subscriptions for 7–30s; favors shown to, 551; Cooke's close affiliations with, II. 19; in funding business, 271; in syndicate, 278.
Vermont Central Railroad, Cooke's contest with receivers of, I. 96 *et seq.*, officers of, interested in N. P., II. 100; financial difficulties of, 326.
"Vermont clique," in N. P., II. 100; distrust of, 243.
Verplanck, G. C., I. 17.
Vibbard, Chauncey, II. 97.
Vicksburg, its condition after the war, I. 611.
Villard, Henry, advises Cooke regarding German colonization, II. 299; recommends Kapp, 300; takes hold of N. P., 532; forms "Blind Pool," 533; finishes road, 533–34; pays tribute to Cooke, 534.
Vouchers, exchange of, for 7–30s, I. 518–25, 542, 561, 562, 576.

Wade, Benjamin, F., mentioned, I. 6; excited about fall of Richmond, 527; plans to make him President, II. 26, 35; radical views of, 27, 28; recommended for N. P. by Colfax, 231; appointed, 232; friend of, made commissioner, 306; gets contracts for Northwestern posts, 335; busy with Indian questions, 336–37.
Walk-in-the-water, a steamboat, I. right of negroes to ride on, 189; 7.
Walker, George, I. 636.
Walker, Robert J., Secretary of Treasury, I. 81–83; sent abroad to sell loans, 287; suggested for Secretary of Treasury, 467, 468.
Walker, Wise & Co., I. 364.
Walton, J. H., asst.-treasurer at Philadelphia, I. 137; antecedents of, 138, 139; displacement of, 179–82.
Wanamaker, John, II. 527.
War of 1812, mentioned, I. 2, 3; loans for, 306.
Warden, Judge, I. 274.
Warren & Franklin Railroad, II. 72, 93.
Washburn, Governor C. C., charges corruption in N. P., II. 263; mentioned, 342, 535.
Washburn, W. D., charges corruption in N. P., II. 263.
Washburne, E. B., visits Henry Cooke, II. 25; appeals to Cooke for campaign funds, 69, 71; Sargent's operations with, 192.
Washington, George, mentioned, I. 23.
Washington, city of, Confederate pressure on, in 1861, 137; excitement in, after 2nd Manassas, 202–05; at time of Gettysburg, 264 *et seq.*; at time of siege of 1864, 413; at time of Richmond's fall, 527, 28; unsanitary conditions in, 570; horse disease in, II. 357.
Washington & Georgetown Street Railroad, company organized, I. 188; equipment of, impressed by government, 202; Chase defends right of negroes to ride on, 189; Chase for president of, I. 188, II. 59.
Washington Packet Line, I. 40–43, 45, 46, 48.
Watts, William, II. 86.
Webb, Mr., I. 345.
Webster, Daniel, I. 17, 18, 128, 157.
Weed, Thurlow, predicts Lincoln's defeat, I. 612; works for retention of McCulloch, 536.
Weir, J. W., active in sale of state loan, I. 100, 106, 108; partner in Washington house, 185, 186;

profits of, 466; elimination of, II. 18; mentioned, 57.
Weitzel, General, in Richmond, I. 528.
Welling, C. H., I. 345.
Wells, Fargo & Co., agents for sale of bonds on Pacific coast, I. 629–30; their interest in N. P., II. 153; their stage line to Montana, 316.
West Philadelphia Divinity School, Cooke's gifts to, II. 495.
Western Land Association formed, II. 110; merged with another company, 162.
Western Reserve, how settled, I. 5, 6; N. P. lands to be colonized like, 296.
Wheeler, William A., manages N. P. bill in House, II. 179.
White, Stephen W., II. 518.
White, William Wallace, obtains soldiers' money for 7–30 loan, I. 626–27.
Widener, P. A. B., II. 527.
Wild Cat money, I. 53, 69, 70.
Wilkeson, Sam., mentioned, I. 396, 398, 399; employed to manage 7–30 campaign, 480–81, 577; writes of small bond takers, 486; works for retention of McCulloch, 536, 537; goes to Boston, 583; reports humor of loan, 588–89; describes scenes in Cooke's Philadelphia office, 589–94; prepares hand-bills, 600–01; advises purchase of buggy, 620; his "National Blessing" pamphlet, 634, 636 *et seq.;* ridicule for, 638, 644, 645; employed by Cooke to advertise and sell Lake Superior bonds, II. 108; helps to defeat St. Croix bill, 111; accompanies N. P. exploring party, 114; enthusiasm of, 116, 120, 121, 157; efforts of, to influence Roberts, 119; gets Beecher and Greeley for pool, 165; his faith in N. P., 168; active in N. P. lobby, 175; Secretary of N. P., 182; sympathizes with France in war, 196; reports extravagance in N. P. office in New York, 263; fantastic writing of, 295; writes report for House committee, 323; Cass employs his idle moments, 329; asks Cooke regarding value of Greeley's pool interest, 413.
Williams, John E., I. 338.
Wills, John, I. 250, 391.
Wills, John A., I. 342.
Wilmerding, Cornwell & Heckscher, I. 579, 585.
Wilmot, David, I. 251.
Wilson, Henry, urges retention of McCulloch, I. 537, 584; Vice-President, II. 364.
Windom, William, his early interest in N. P., II. 153; prospects route of N. P., 167; director of N. P., 182; meets N. P. commissioners, 217; criticized by Governor Marshall, 245; criticized by Banning, 246; congratulates Cooke on success of syndicate, 284; fears criticism for his connection with N. P., 407–08; guest at "Ogontz," 458.
Winslow, Lanier & Co., mentioned, I. 344; in funding business, II. 271; in Cooke's Canadian Pacific deal, 350.
Winsor, J. D., visits Duluth, II. 131.
Wise, Daniel W., I. 364.
Wolf, S., lectures for N. P., II. 236.
Wood, Mr., of Vermilye & Co., II. 19.
Woodhull, Max, in N. P. pool, II. 164; in Cooke's Michigan railroad scheme, 350.
World, New York, its news of Bull Run, I. 147; attacks Cooke, 259; conciliated by Cooke, 579, 580; prints "National Blessing" article, 637, 638; renews attacks on Cooke, 640–41, II. 27.
Worms, George, II. 195.
Wotherspoon & Co., II. 15.
Wright, Charles B., director of N. P., II. 182; made vice-president of road, 330; criticizes Canfield, 331; signs N. P. memorial to Congress, 406; made president of N. P., 520; retirement of, 531–32.
Wright, Senator, I. 247.
Wyandotte Indians, I. 5.

Yellowstone region, beauties of, II. 316; danger to surveyors in, 336, 337.

Yerkes, H., I. 42, 45.
Yerkes, Silas, Jr., I. 249.
Yerkes, C. T. & Co., failure of, 260.
Young, James R., sells 7–30s to soldiers, I. 628.
Young, John Russell, employed to advertise 7–30 loan, I. 577–584; hires boys to distribute circulars, 587; posts large bills, 617; Steever assists, 623; sells 7–30s to soldiers, 628; his view of New York newspapers, 638; distributes wine, 653; reports conversation with Chase, II. 60; interested in sale of Lake Superior bonds, 108; on Wilkeson's orange and monkey stories, 120; employed to place N. P. advertisements in New York, 233; applies for post as N. P. commissioner in Europe, 311.

"Zenith City of the Unsalted Seas," II. 310.
Zug, J. Edward, 7–30 agent in Delaware, I. 602; posts bills on trees, 617; report from Illinois, 619.

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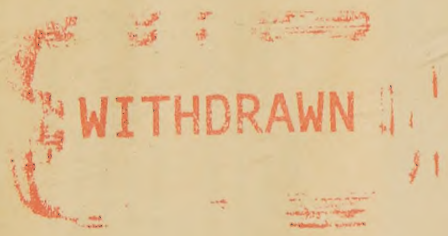
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